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# ***Daily Report***

## **China**

FBIS-CHI-92-136  
Wednesday  
15 July 1992

# Daily Report

## China

FBIS-CHI-92-136

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15 July 1992

**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

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General

**Russia, U.S. To Jointly Research Global Defense**

*OW1507082292 Beijing XINHUA in English  
0803 GMT 15 Jul 92*

[Text] Moscow, July 15 (XINHUA)—Russia and the United States agreed on Tuesday to establish three working groups in a joint effort to research the global defense system.

ITAR-TASS says the agreement was reached after two days of negotiations between high-level delegates of the two countries.

A joint communique released by the negotiators on Tuesday evening says experts of one of the three groups will be in charge of researching the structure and function of the global defense system.

The two other groups will study ways of avoiding the proliferation of weapons of massive destruction and of promoting cooperation in scientific research and experiment.

The treaty was initiated in Moscow by Georgiy Mamedov, Russian vice foreign minister, and Dennis Ross, official of the U.S. Department of State.

The two sides agreed that, faced with the changed structure of international security, Russia and the United States should join hands with other nations to deal with the new situation.

The negotiation was carried on in accordance with an accord reached by Russian President Boris Yeltsin and U.S. President George Bush during Yeltsin's Washington visit last month.

**U.S., South Korea Schedule Military Exercises**

*OW1507082492 Beijing XINHUA in English  
0722 GMT 15 Jul 92*

[Text] Pyongyang, July 15 (XINHUA)—The United States and South Korea will hold joint military exercises of modern warfare in South Korea for 12 days beginning on August 19.

The United States will use such modern weapons as F-117 stealth aircraft and Patriot missiles, which were used to great effect in the Gulf war.

The exercises, to be staged after the suspension of the annual U.S.-South Korean Team Spirit exercises, were reportedly designed to ensure the security system of the Korean peninsula.

United States & Canada

**Alexander Haig Meets With Jiang Zemin**

*OW1507083792 Beijing XINHUA in English  
0821 GMT 15 Jul 92*

[Text] Beijing, July 15 (XINHUA)—Chinese Communist Party General Secretary Jiang Zemin, in a meeting with former U.S. Secretary of State Alexander Haig today, said China and the United States should work together toward continued improvement of bilateral ties, which will benefit world peace, stability and development.

In an hour-long conversation described by a Chinese Foreign Ministry official as "cordial and friendly", Jiang called Haig "an old friend of the Chinese people" who has made positive contributions to safeguarding and promoting Sino-U.S. relations over the years.

Discussing the international situation, Jiang said the world is undergoing profound changes. With the end of the cold war, he said, the old global pattern disintegrated and the world is becoming increasingly multi-polarized. As new and old contradictions mix together, the world is far from peaceful, he added.

Peace and development, two major issues in the contemporary world, can only hope to be solved gradually with unremitting efforts by all the people in the world, he said.

The improvement and development of relations between China and the United States conform to the fundamental interests of the two peoples, and are also conducive to peace, stability and development in the Asia-Pacific region and the world in general, he said.

Therefore, he said, the two sides should seek more common points, increase contacts and exchanges in various spheres and make common efforts to continue to improve the two countries' relations.

Haig, referring to the new situation in the world, said some parts of Europe suffer from turbulence and chaos, while the Asia-Pacific region enjoys stability and economic development.

He agreed that good U.S.-China relations are very important, not only for the two countries but also for the Asia-Pacific region and the world as a whole, he said.

The American people hope to see continuous improvement and development of relations with China, for they know that comprehensive common interests exist between the two countries, and that China provides an important market for the United States in terms of economy and trade, he said.

Any U.S. statesmen of foresight have to take into account the wishes of the American people, he noted. Therefore, he voiced optimism about the prospects for U.S.-China relations.

Jiang, in an account of China's domestic situation, said Deng Xiaoping's remarks made on a tour of south China early this year have inspired the Chinese people greatly. Now, China enjoys economic development as well as political and social stability, he added. "We are making full use of the present opportune time to speed up reform and opening, enhance economic efficiency and seek rapid economic development," he said.

Haig noted that China's economy is growing rapidly and has good prospects. Facts have shown the Chinese Government's reform and open policy to be successful, he said.

The former U.S. secretary of state arrived here Tuesday as a guest of the Chinese Foreign Ministry.

#### Meets Zhu Rongji, Qian Qichen

OW1407135192 Beijing XINHUA in English  
1310 GMT 14 Jul 92

[Text] Beijing, July 14 (XINHUA)—Chinese Vice-Premier Zhu Rongji and State Councillor and Foreign Minister Qian Qichen met with former U.S. Secretary of State Alexander Haig here this afternoon on separate occasions.

According to an official from the Chinese Foreign Ministry, Zhu briefed Haig on China's reform and opening to the outside world and its economic construction.

Zhu and Haig exchanged views on issues of common concern.

Foreign Minister Qian Qichen said to Haig that it would benefit both China and the United States to maintain good relations, and he hoped that the two countries would make joint efforts for further improvement of bilateral relations.

Haig was quoted as saying that farsighted American statesmen were fully aware that the Sino-American relations are of strategic, political and economic significance. They would make efforts to safeguard and improve Sino-American relations, he added.

During the meeting, Qian and Haig exchanged views on some major international issues.

Qian hosted a dinner for Haig and his party following the meeting.

The visitors arrived here today as guests of the Chinese Foreign Ministry. Before arrival, they attended a seminar on development of international tourism in Shanghai.

#### Meets Shanghai Mayor

OW1407160392 Shanghai People's Radio Network  
in Mandarin 2300 GMT 13 Jul 92

[From the "Morning News" program]

[Text] Shanghai Mayor Huang Ju had a meeting with General Alexander Haig, former secretary of state of the United States, and his party at the New Jinjiang Hotel last evening.

General Haig and his party are in Shanghai to attend the International Tourism Symposium.

The host and the guests had a friendly conversation.

Huang Ju said: I am very glad to meet Mr. Haig here to renew our friendship and study cooperation feasibilities. Mr. Haig can see the rapid changes in Shanghai. In addition to developing the Pudong district, Shanghai will also take the lead in developing areas along the Chang Jiang Basin. It is hoped that China and the United States will intensify their cooperation in these new areas.

Thanking Huang Ju for his hospitality, Haig said: Pudong's development is very encouraging. You and your colleagues have my respect for the great successes Shanghai has achieved. Our cooperation in the past has been very pleasant. I hope we can continue to explore new areas of cooperation.

#### Bush Announces Meeting on North American Trade

OW1507050292 Beijing XINHUA in English  
0349 GMT 15 Jul 92

[Text] Washington, July 14 (XINHUA)—President George Bush announced today the trade officials from the United States, Mexico and Canada will meet on July 25 for the "final stage" over the North American Free Trade Agreement.

Bush made the announcement after a meeting with Mexican President Carlos Salinas de Gortari this afternoon in San Diego, California.

"We agreed that our meeting today marks the beginning of the final stage of the negotiations," Bush said.

Bush also said Canadian Prime Minister Brian Mulroney had agreed by telephone to have Canadian officials take part in the July 25 talks.

"Mexico is the fastest growing market for U.S. exports in the world," Bush said. "Virtually every state has benefited, not just those along the border."

Bush and other proponents of the North American Free Trade Zone are counting on increasing trade between the United States, Mexico and Canada to create more U.S. jobs as U.S. companies exploit easier access to Mexico, which is already the U.S. third-largest trading partner.

"The Canadian (Free Trade) Agreement with the United States took 39 months to complete and we have been doing this for 26 months," Bush said. "There is no politics involved on our side to suggest anything other than the prompt completion of this agreement."

Earlier today, THE NEW YORK TIMES and THE LOS ANGELES TIMES reported that the Mexican Government had agreed to open up the banking, insurance and securities industries to U.S. and Canadian companies.

"This was one of the primary subjects for the negotiations," said a senior U.S. Administration official. "It is an important issue for U.S. industry."

Carla Hills, the U.S. chief negotiator in the talks, has said the agreement should be finalized this summer but the talks would not be rushed.

#### Democrats Advocate 'Third Way' in Government

OW1507032292 Beijing XINHUA in English  
2347 GMT 14 Jul 92

[Text] New York, July 14 (XINHUA)—Democrats gathering at the national convention here today called for a "third way" in government different from the Reagan and Bush Republican administrations and also from the practices of their own party in the past.

The call for "a revolution in government" came in the platform formally adopted by the convention tonight.

In the platform's preamble, the Democrats noted that the United States is suffering from economic sluggishness and social illness. "Our land reverberates with a battle cry of frustration...America is on the wrong track," it said.

"We hear the anguish and the anger of the American people. We know it is directed not just at the Republican administrations that have had the power, but at government itself," the document said.

"Their anger is justified," it said, "we reject both the do-nothing government of the last twelve years and the big government theory that says we can hamstring the business and tax and spend our way to prosperity. Instead we offer a third way."

The platform also asserted that "the revolution of 1992 is about restoring America's economic greatness...and an expanding, entrepreneurial economy of high-skill, high-wage jobs is the most important" policy consideration for the democrats.

To achieve its goals, the democratic platform promises to:

- Rebuild the United States by investing more in transportation, environmental technologies, defense conversion, and a national information network;
- End tax credit and capital gains reduction for investors in emerging technologies and new businesses;
- Tackle the budget deficit, among other means, by further reduction in defense expenditures and by making "the rich pay their fair share taxes;"
- Support education reforms such as public school choice and make college affordable to all students by adopting a domestic G.I. Bill;

- Revive the "inner cities" by public investment, job training programs and measures to encourage private investment;
- Launch a "uniquely American reform" of the health care system to control costs and make health care affordable;
- Provide tax relief to families with children;
- Reform the government by shrinking its size as well as limiting overall campaign spending and the influence of lobbying groups;
- Strengthen the law enforcement by creating a "police corps," controlling gun sales and "pursuing all crime aggressively."

The Democratic Party platform, which was drafted weeks ago by advisers to Arkansas Governor Bill Clinton, the party's nominee in waiting, was approved after the convention voted down several minority planks proposed by delegates supporting Paul Tsongas, who lost the primaries to Clinton.

The planks by the former Massachusetts senator called for broader capital gains tax cuts, a tougher approach to the deficit—including Medicare curbs for elderly people earning more than 125,000 dollars a year—an increase in the gas tax and a delay in the middle-class tax cut until the deficit is "under control."

The Democratic Party platform has received a mixed review from American press. Calling it a "road map for a party in transition," THE WASHINGTON POST also pointed out that "the platform is less a balancing act than a mixture of planks that puts the party to the left of where it once was on some questions, and the right on others."

THE NEW YORK TIMES said that the platform "faces up to the public disgust; it's substantially more moderate than fiery platforms of recent years. And yet this platform, too, soon degenerates into promises to give, give, give to everyone—even though its drafters know that the only credible way to answer the mistrust is to tell what Americans will have to give up."

American press noted that the Democratic platform, as is usual, is a broad outline of goals that Clinton would seek if elected president, but none of the administrations have ever seriously implemented the platforms they presented for the campaign purposes.

#### Call For New Security Strategy

OW1507032392 Beijing XINHUA in English  
0159 GMT 15 Jul 92

[Text] New York, July 14 (XINHUA)—The U.S. Democratic Party today called for a new national security strategy focusing on economic leadership, crisis prevention, environment protection and democracy.

"Restoring America's global economic leadership must become a central element of our national security policies," said the party in a platform adopted here tonight at its 41st national convention.

The platform said: "The strength of nations, once defined by military terms, now is measured also by the skills of their workers, the imagination of their managers and the power of their technologies."

The party called for a national plan to restore the U.S. economy through "a partnership of government, labor and business" at home and the expansion of foreign trade through firmly enforcing "U.S. laws against unfair trade."

It said: "It (the U.S. Government) must fight to uphold American interests—promoting exports, expanding trade in agricultural and other products, opening markets in major product and service sectors with our principal competitors."

The party advocated a preventive diplomacy through international peacekeeping while reconstructing America's military forces.

"We should encourage multilateral peacekeeping through the United Nations and other international efforts," the platform said.

To underline crisis prevention instead of crisis management, the platform suggested that the military structure for the 1990s and beyond be built on four pillars.

The pillars included a survivable nuclear force, a strengthened rapid-deployment force and accurate intelligence on economic and political conditions that could fuel new conflicts.

The party took environment as an important national security issue, saying: "As the threat of nuclear holocaust recedes, the future of the earth is challenged by a gathering environmental crisis."

The United States must become a leader, not an impediment, in the fight against global warming, in finding replacements for CFCs and other ozone-depleting substances, and it must work to protect the planet's biodiversity and preserve its forests.

The platform accused the Bush administration of abdicating international leadership by failing to negotiate a biodiversity treaty that it could sign.

The platform also advocated support for what it called democracies, saying: "In the post-cold-war era, our foreign-assistance programs in Africa, the Caribbean, Latin America and elsewhere should be targeted at helping democracies rather than tyrants."

### First Shanghai-Built MD-83 Jet Sold in U.S.

OW1407140192 Beijing XINHUA in English  
1307 GMT 14 Jul 92

[Text] Shanghai, July 14 (XINHUA)—The first MD-83 passenger plane assembled by the Shanghai Aviation Industrial Company (SAIC) was sold today to the United States.

The MD-83, an improved version of the MD-82, has a non-stop flight range of some 4,849 kilometers. The new model includes advanced technology such as a digital flight controls in the cockpit.

Jing Deyuan, SAIC general-manager, said the new model features 10 domestically manufactured parts, including the tail assembly and the flap glide support.

Jing said that four additional aircraft will be sold to the U.S. within the year.

Since 1985, the SAIC and the McDonnell Douglas of the United States has co-produced 28 MD-82 planes.

### Central Eurasia

#### Analysis of Peace Efforts in Ossetia, Dniester

OW1507050092 Beijing XINHUA in English  
0330 GMT 15 Jul 92

[News Analysis: "CIS Peace-Keepers Tackle Ossetia, Dniester"]

[Text] Moscow, July 15 (XINHUA)—A 1,500-strong peace-keeping force made up of soldiers from Russia, Georgia and Ossetia began entering South Ossetian administrative districts Tuesday in an effort to stop the violence there.

The peace-keeping force established a safe lane 15 kilometers long and 14 kilometers wide along the South Ossetia-Georgian border to separate the warring parties.

Since 1989, Georgian South Ossetia has demanded to merge with Russian North Ossetia. Subsequent clashes escalated into a full-scale conflict in late May this year, souring relations between Moscow and Tbilisi.

Russia even sent an army by plane to North Ossetia in June.

Russian citizens expressed fears the fighting would eventually spill over onto Russian territory.

The increased tensions led Russian President Boris Yeltsin to call for "ending conflicts and bloodshed above everything else."

On June 24, Yeltsin held talks with Georgia's State Council President Eduard Shevardnadze and leaders from South and North Ossetia. A cease-fire starting June 28 was reached in conjunction with an agreement in principle on resolving the Ossetian conflict.

Under the agreements, locals involved in the regional clashes had to turn in their weapons. Those resisting the peace-keeping force would face retaliation.

Meanwhile, a Russian delegation headed by Vice President Aleksandr Rutskoy returned to Moscow after a one-day visit to Moldova.

Rutskoy reportedly negotiated an end to armed conflicts in the eastern part of Moldova in line with a "Georgian plan" following talks with leaders from Moldova and republics along the Dniester River as well as Russia's 14th group army commander.

Observers said the move was a significant step toward achieving peace in the war-ravaged region.

If successful, it would have a positive influence on the situation in the two regions as well as the Commonwealth of Independent States (CIS) as a whole, they said.

Under the agreement, a peace-keeping force will be formed with one battalion each from Russia, Ukraine, Moldova and the Dniester Republic.

The force will oversee the separation and safe withdrawal of rival armies.

Rutskoy's peace mission came after Yeltsin met with Moldovan President Mircha Snegur to hammer out a cease-fire agreement at Istanbul talks on June 25.

Although the use of peace-keeping forces is seen by many as a welcome step in both regions of the former Soviet Union, real peace and security are still some way off.

### Northeast Asia

#### Li Peng, Japanese Minister Discuss Economics

OW1507115392 Beijing XINHUA in English  
1140 GMT 15 Jul 92

[Text] Beijing, July 15 (XINHUA)—Chinese Premier Li Peng met here this afternoon with Takeshi Noda, Japanese minister of state and director general of the Economic Planning Agency.

Li and Noda's hour-long meeting focused on the issue of macro economic control, with Noda giving a detailed account of the Japanese Government's economic strategies and ways of management.

Li hoped the Japanese Economic Planning Agency will strengthen exchanges with its Chinese counterpart, the State Planning Commission, saying that the two institutions should have regular exchange of views on ways of macro economic control.

In a brief account of China's using the means of market as well as planning control to develop the economy, Li said that as the proportion of planning gradually decreases while that of market grows, China attaches increasing importance to the role of budget, banking and taxation and other macro control measures.

Noda spoke highly of China's great achievements in reform and opening to the outside world, adding Japan is ready to make continued efforts to assist China's economic construction.

In the meeting, Li voiced appreciation for Noda's efforts to develop Sino-Japanese friendship over the years.

Noda, who has been in China on many occasions, is also director general of the Japan-China Society.

#### Jiang Zemin Meets Japanese Economists

OW1407154692 Beijing XINHUA in English  
1521 GMT 14 Jul 92

[Text] Taiyuan, July 14 (XINHUA)—A group of senior officials and economists from China and Japan met during the last two days in Taiyuan, capital city of Shanxi Province, to exchange views on economic affairs.

It was the 12th annual meeting of the Sino-Japanese Society for the Exchange of Economic Knowledge which was set up in 1979 in a bid to promote mutual understanding on economic issues.

Before the meeting was held, Jiang Zemin, general secretary of the Chinese Communist Party met the Japanese delegates in Beijing.

During the two days the participants focused on the international economic situation and the economic relationship between Japan and China.

They also had special discussions on the economic development of Shanxi Province and the problems on its energy industry, environmental protection and tourist resources.

#### Wu Xueqian Receives Japanese Diet Member

OW1407084292 Beijing XINHUA in English  
0749 GMT 14 Jul 92

[Text] Beijing, July 14 (XINHUA)—Chinese Vice-Premier Wu Xueqian met here this afternoon with Juro Matsumoto, a member of the Japanese House of Representatives from the Liberal Democratic Party.

Matsumoto, former director-general of the Japanese Defence Agency, is here to learn about China's economic development and foreign economic cooperation in particular, as guest of the Chinese People's Institute of Foreign Affairs.

Matsumoto will also tour Xian, Shanghai and Dalian.

### Near East & South Asia

#### Analysis on New Israeli Prime Minister's Options

OW1407141692 Beijing XINHUA in English  
1338 GMT 14 Jul 92

[“News analysis” by Li Hongqi: “What Can Rabin Do Next?”]

[Text] Jerusalem, July 14 (XINHUA)—Prime Minister Yitzhak Rabin has managed to form a coalition in about two weeks and smoothly won a vote of confidence in the Knesset. Now people are asking what can Rabin do next?

The 70-year-old new prime minister has promised to give priority to Middle East peace, more precisely Palestinian autonomy. When presenting his government to the Knesset Monday, he took a step forward to invite Palestinian negotiators and Arab leaders to talk peace in Jerusalem.

He also wanted that autonomy talks to be continuous and go faster, suggesting Palestinian and Jordanian negotiators hold "an informal talk" in Jerusalem.

In his immediate reaction to Rabin's move, U.S. President George Bush officially invited Rabin to talk details and decided to send Secretary of State James Baker to the Middle East soon to evaluate the new development. The Palestinians wanted more "concrete action" from Rabin while some other Arab leaders expressed cautious welcome to the "important and interesting points."

But there are people who warned against over-optimism, believing that Rabin's coalition is narrow and facing a strong right-wing opposition and that the Arab and Palestinian side still needs time to believe in Rabin's sincerity.

Staying out of the coalition are the Likud, the National Religious Party, the United Tora Judaism, Tsomet and Moledet, holding a total of 53 Knesset seats. They have voiced their opposition to the new government's policy and are expected to try to block the way to any breakthrough in the peace talks.

In the meantime, the Arabs can hardly forget Rabin's hawkish records in the past decades and still have doubt that a person like Rabin, who advocated a "iron fist" policy against revolting Palestinians, could suddenly turn out as a leading dovish.

It is hard to believe that Jordanian, Syrian and Lebanese leaders would embrace Rabin either in Jerusalem or in their capitals unless the Israeli prime minister clearly undertakes to withdraw from the occupied West Bank, Gaza Strip, Golan Heights and southern Lebanon.

But many Arabs believe Rabin is somewhat different from his predecessor Yitzhaq Shamir. Rabin is ready to make limited territorial compromise in exchange for peace, but Shamir is not. The former vowed to freeze selected settlement and grant what he called "full autonomy" for the Palestinians, while the latter has never made such a pledge.

However, they are common in such sensitive issues as opposing the establishment of a Palestinian state, no direct talks with the Palestine Liberation Organization and holding Jerusalem as Israel's "undivided capital."

What Rabin can do next is to speed up the autonomy talks, because the Arab side is also expecting it to happen. But the final stage bargaining is expected to be difficult.

Rabin can also count on the support and loan guarantees from Washington and probably also from some other

Western countries, but rapprochement with Arab neighbors, except Egypt, may move at a slow pace.

The Arabs may have found Rabin harder to deal with because of his international dovish image. They can also expect to go under more pressure from the U.S. and other Western countries to reward Rabin with more concessions.

When Baker comes to Israel on Sunday, the new government may ask him to convey the following message to the Arab and Palestinian leaders: Stop the four-year-old intifadah in the occupied territories to talk peace and autonomy, and to lift the longstanding embargo against Israel to plan joint economic development projects.

Commenting on the speech by the new Israeli prime minister before the Knesset, Egyptian Foreign Minister 'Amr Musa said the important thing is "commitment to the fundamentals of peace, namely the land-for-peace principle, U.N. Security Council Resolutions 242 and 338 and the basic documents of the Madrid peace conference."

And the Palestinians are waiting for "solid reactions" on the part of the Israelis "to prove their good intentions and preparedness to deal seriously and in a responsible way with the requirements of the peace process," as Hanan 'Ashrawi, spokeswoman of Palestinian negotiators, put it.

## West Europe

### Li Peng Tells Italians of 'All-Round' Opening

OW1407142292 Beijing XINHUA in English  
1407 GMT 14 Jul 92

[Text] Beijing, July 14 (XINHUA)—Chinese Premier Li Peng told a group of Italian visitors today that "China is opening in an all-round manner" to the outside world.

He said that the open areas now spread from the coastal regions to the Yangtze River Valley and to the hinterland borders of China's neighbors.

The new situation offers broad prospects for expanding China's economic ties with other countries, Li said.

China's imports from other countries for the five-year period ending in 1995 are forecast to top 300 billion U.S. dollars.

"The figure is sure to be surpassed, given the current economic development momentum in China," he said.

The visitors at the 50-minute meeting included Roberto Formigoni, a member of the Italian House of Representatives and former vice-president of the European Parliament, and Senator Giulio Orlando, president of the Italian Institute for Asia and former minister of post and communications. Together with some 100 Italian entrepreneurs, they are here to attend the Second Seminar for Sino-Italian Economic and Trade Cooperation. It is

sponsored by the Italian Institute for Asia and the Chinese People's Institute for Friendship with Foreign Countries.

Li Peng called for an expansion of Sino-Italian economic ties. Apart from major enterprises including electric power, metallurgy and chemical, he proposed that both should cooperate in small and medium-sized projects.

He praised many Italians in political and economic circles for their understanding of China's policies and for their efforts to push Sino-Italian ties.

The smooth growth of relations between the two countries since the establishment of diplomatic relations 20 years ago showed that bilateral ties can happily move ahead so long as both sides respect and understand each other, Li Peng said.

Formigoni said that as a result of the visit he and his colleagues have a greater appreciation of the economic and social life of China, and a greater interest in expanding economic co-operation.

Orlando told Li Peng that the Italian Institute for Asia was working for increased economic and cultural ties with China. The institute and the Chinese Ministry of Culture have agreed that an exhibition of China's Qin Dynasty terra-cotta army will be shown in Italy next year.

Han Xu, president of the Chinese People's Institute for Friendship with Foreign Countries, was present at the meeting.

#### **Deng Pufang Attends Fete for Disabled in Austria**

*OW1507033392 Beijing XINHUA in English  
0324 GMT 15 Jul 92*

[Text] Vienna, July 14 (XINHUA)—Austrian President Thomas Klestil said today he hoped that Austria and China could cooperate in the cause of the disabled.

He was speaking to the chairman of China's Disabled Persons' Federation, Deng Pufang.

Klestil briefed Deng on Austria's efforts to improve transport facilities for the disabled and expressed his support for the cause of the disabled.

He suggested that Austria and China cooperate at various levels in an effort to improve the conditions of the disabled.

Deng Pufang arrived here last Thursday at the invitation of the United Nations Center for Social Development and Humanitarian Affairs at Vienna to take part in the closing ceremony of the U.N. "Decade for the Disabled."

During his stay in Vienna, Deng attended the opening ceremony of the disabled persons' activities exhibition.

#### **Analysis on Status of EC Agricultural Reform**

*OW1507033292 Beijing XINHUA in English  
0258 GMT 15 Jul 92*

[News Analysis by Kang Xinwen: "EC Agricultural Reform Remains in the Air"]

[Text] Brussels, July 14 (XINHUA)—European Community agricultural ministers reached further agreement on a new agricultural reform plan today but technical problems and farmer opposition could delay its introduction.

This latest agreement, the third in less than two months, came at the end of a two-day ministerial meeting designed to display EC enthusiasm for agricultural reform.

Agricultural ministers earlier agreed on May 21 to reform the community's common agricultural policy by "restricting the quantities of farm products, reducing purchasing prices and canceling financial subsidies".

A more specific accord on an agricultural program was signed by EC ministers in Luxembourg on June 30.

But European farmers have strongly protested the moves and technical factors have put the reform time-table in jeopardy, observers said.

Enforcement might be postponed until 1995 at the very earliest, they said.

Under the program, farmers forced to take price cuts and pull land out of production will be compensated by direct income payment.

But each farmer needs to submit more than 20 pieces of data before qualifying for compensation. Amassing and computerizing all the necessary data will likely prove a costly and time-consuming exercise.

Belgian Agricultural Minister Andre Bourgeois said his country would face a bill of 3.1 to 3.4 million U.S. dollars to complete the scheme.

Overall EC costs for the program have been estimated at between 200 and 300 million dollars.

## Political &amp; Social

**Dissidents Join U.S.-Based Rights Group Board**

HK1507011592 Hong Kong **SOUTH CHINA MORNING POST** in English 15 Jul 92 pp 1, 10

[By Willy Wo-lap Lam]

[Text] Three top Chinese dissidents have defied the authorities by joining the board of directors of a New York-based human rights organisation.

Human Rights in China (HRIC), a major watchdog on human-rights violations in China, yesterday announced that editor and philosopher Mr Wang Ruoshui, legal scholar Mr Yu Haocheng, and philosophy professor Guo Luoji had joined its board.

The organisation said the trio would "provide direction for HRIC's work of documenting human rights abuses and promoting understanding of international human rights standards" in the country.

It is the first time Chinese intellectuals have taken part in the activities of foreign-based human rights organisations, which Beijing has repeatedly lambasted as agents for the "peaceful evolution" of China to capitalism.

When contacted by telephone yesterday, the three stressed they were joining as private individuals and that their activities would be within the confines of China's constitution and laws.

"Naturally, I want to make contributions to the human rights enterprise," said Mr Wang, a former deputy chief editor of **PEOPLE'S DAILY** [RENMIN RIBAO] and a famous theorist on Marxist humanitarianism.

Mr Wang, 65, who was forced in 1987 to relinquish his membership of the Chinese Communist Party (CCP), said he had not applied to his unit for permission to join the HRIC.

"HRIC is not a political organisation, and it is neither unconstitutional nor illegal for me to join it", he said, adding he did not expect trouble from the authorities.

Mr Wang indicated he did not expect the New York-based watchdog would host many activities on the mainland.

"The (political) atmosphere in Beijing has become relatively more relaxed and tolerant after (patriarch) Deng Xiaoping's trip to southern China," he said.

Mr Yu, 67, who was detained for 18 months after the June 1989 crackdown, said yesterday he would make contributions to HRIC by engaging in research on constitutional law and civil liberties.

An authority on Chinese law, Mr Yu ran afoul of the Communist Party by championing such causes as the independence of the judiciary.

"I do not think the authorities would object to our joining HRIC", Mr Yu said. "Since last year, social scientists from official units have gone abroad to research international norms on human rights".

Professor Guo, 60, a Nanjing University professor who was banished from Beijing in 1982 on the orders of patriarch Mr Deng Xiaoping, said many Chinese had contacted him since word had spread that he had joined HRIC.

"They have given me accounts of their suffering. I am very moved," he said.

HRIC was founded in March 1989 in the United States by Chinese and American students and scholars, including dissidents blacklisted by Beijing.

It documents human rights abuses in China and publishes a quarterly journal in Chinese and English.

Meanwhile, in an apparent bid to win over international opinion, Chinese authorities have allowed selected dissidents to leave the country for the West.

Mr Wang said he had last month been allowed by **PEOPLE'S DAILY** to take up a short-term teaching fellowship at Columbia University in New York.

Other "bourgeois-liberal" intellectuals recently permitted to go abroad include two Shanghai-based writers, Wang Ruowang and Bai Hua.

Wang Ruowang who was imprisoned soon after June 1989, was last week given a passport to go to Columbia University to engage in research in Chinese literature.

Mr Bai, who had also incurred the ire of Mr Deng, was earlier this month granted approval to visit Japan for research and academic exchanges.

And this week, one of China's most famous dissident journalists, Zhang Weiguo, received an invitation from the University of California at Berkeley to conduct research at its China studies centre.

The former journalist with the now-defunct **WORLD ECONOMIC HERALD** [SHIJIE JINGJI DAOBAO] said he had received an assurance from the police that his application for a passport would be treated sympathetically.

Last month, the Ministry of Public Security refused to allow Mr Yu to take up a visiting fellowship at Columbia Law School.

"No reason was given for turning me down", said Mr Yu, who is also applying to come to Hong Kong to attend a function in August marking the 15th anniversary of the founding of **THE MIRROR** [CHING PAO], a Chinese-affiliated journal.

**'Health Protection' for Elderly Leaders Discussed**  
*HK1507041692 Hong Kong CHING CHI JIH PAO*  
*in Chinese 15 Jul 92 p 7*

[By staff reporter Li Feng (2621 7364): "CPC Political Bureau Holds Emergency Meeting To Discuss Health Protection for Elders"]

[Text] Personalities closely associated with Beijing's high-level political circles disclosed that after Deng Yingchao, the CPC elder, passed away, the Central Committee Political Bureau held a meeting to discuss ways to protect the health of other elders. Deng Yingchao's death caused a big shock to the CPC high-level authorities. General Secretary Jiang Zemin instructed all departments concerned to take care of the health of the older generation proletarian revolutionaries as an important matter for the CPC and the state, to strengthen the work on health protection, and to spare no efforts to prolong their lives.

This has been a bad year for the CPC high-ranking elders, as Wang Renzhong, Nie Rongzhen, Lin Xian-nian, and Deng Yingchao died one after another. The news that an elder had died was heard almost every month. The situation is somewhat similar to that in 1976 when Zhu De, Zhou Enlai, and Mao Zedong followed each other into the next world, leading to big political turbulence in China.

According to sources in Beijing, Chen Yun, Wang Zhen, and Peng Zhen are now in relatively poor health and it seems that their days are numbered. Chen Yun is suffering from "a combination of conditions," including pulmonary alveolus and hemiplegic apoplexy, causing him difficulty in getting about. Some time ago, the media in Hong Kong was speculating that Chen Yun would come to Shenzhen for an inspection. In fact, "the spirit is willing, but the flesh is weak" and it is utterly impossible for him to go around inspecting places. On 1 May this year, the Central Television Station aired Chen's meeting with Wu Bangguo and some others but this meeting had actually taken place a long time before. Wang Zhen is suffering from throat cancer and is unable to speak or walk. His son, Wang Jun, had to admit in Hong Kong a few days ago that Wang Zhen's retirement at the 14th National CPC Congress is inevitable. The other elder, Peng Zhen, has also been ill for years.

When reporting Deng Yingchao's death, the XINHUA NEWS AGENCY said that Deng Xiaoping, Yang Shangkun, Chen Yun, Wang Zhen, and Peng Zhen "either went to the hospital or asked their relatives or working personnel to visit her." It was disclosed that Deng Xiaoping and Yang Shangkun visited Deng Yingchao once, but Chen Yun, Wang Zhen, and Peng Zhen, for health reasons, "asked their relatives or the personnel working for them to visit her."

It was also said that the CPC high-level authorities have instructed that the health of CPC elders be listed as state secrets not to be disclosed to the outside, to prevent any

negative reaction from various localities and overseas which could cause new political instability.

**Li Peng To 'Most Probably Step Down' in Spring**  
*HK1507021692 Hong Kong THE STANDARD*  
*in English 15 Jul 92 p 1*

[By Terry Cheng]

[Text] Premier Li Peng will most probably step down after his present term expires next spring but will continue to serve in the Standing Committee of the Politburo, a pro-Beijing magazine said.

General Secretary Jiang Zemin, meanwhile, is expected to further consolidate his position after the party's 14th Congress scheduled for late this year, WIDE ANGLE [KUANG CHIAO CHING] magazine said in its latest issue out today.

Earlier reports said Mr Li would be replaced by one of his deputies and might become the state president after Yang Shangkun steps down next April.

Meanwhile, more than 10 candidates have been recommended to the Politburo. They include regional party chiefs such as Xie Fei of Guangdong, Wu Bangguo of Shanghai, Tan Shaowen of Tianjin, and Zhao Zhihao of Shandong.

When General Yang Baibing is elevated to the Politburo and named vice-chairman of the Central Military Commission, his position as director of the army's General Political Department will be taken over by General Li Jinai, WIDE ANGLE said.

**Hua Guofeng Elected Party Congress Deputy**  
*HK1507020692 Hong Kong SOUTH CHINA MORNING POST* in English 15 Jul 92 p 10

[By Willy Wo-lap Lam]

[Text] Former Chinese Communist Party chairman Mr Hua Guofeng has been elected a deputy to the 14th Party Congress.

And the annual round of informal summer meetings of the top leadership has already taken place to finalise personnel changes to be endorsed at the Congress.

Chinese sources said yesterday that during recent elections in the State Council and related units, various leftists, or remnant Maoists, had been made Congress deputies.

The most glaring example is Mr Hua, who was Mao Zedong's anointed successor.

Mr Hua was ousted from power by patriarch Mr Deng Xiaoping in late 1978 but he has retained the allegiance of large sectors of the party.

"Hua Guofeng was elected deputy to the 14th Congress by a huge margin," a source said. "This testifies to the remnant appeal of Maoism."

At the same time, several leftist cadres recently attacked, and in some cases sacked, by Mr Deng have also been elected.

They include State Council spokesman Mr Yuan Mu; Minister for Radio, Film and Television Mr Ai Zhisheng; Vice-Minister of Education Mr He Dongchang; and Acting Culture Minister Mr He Jingzhi.

"Their election testifies to the ironclad control that conservative politicians, including (Premier Mr) Li Peng, have over the State Council," the source said.

Meanwhile, Western diplomats said the annual summer meetings, which are taking place in both Beijing and the seaside resort of Beidaihe, had started a few days ago.

The major agenda of the conclaves, which are attended by both party elders and Politburo members, is personnel matters.

Sources close to the meetings said Mr Deng had said he was anxious to finalise the appointments of liberal cadres to the new Central Committee and Politburo.

"Let us waste no time in determining who should be promoted," Mr Deng reportedly told the party elders. "Otherwise, the 14th Congress may have to be postponed beyond the end of the year."

The sources said Mr Deng was vigorously pushing the candidacy of Vice-Premier Mr Zhu Rongji to succeed Mr Li as premier.

They said Mr Deng was anxious because of the large number of leftist politicians who had been selected as Congress deputies.

The Beidaihe meetings, which will be over by next week, will lay the ground for the Ninth Plenum of the Central Committee, which will put the finishing touches to new personnel arrangements.

#### Guidelines, Policies for Party Congress Defined

HK1507105292 Hong Kong CHING PAO in Chinese  
No 180, 5 Jul 92 pp 22-25

[Article by Chang Mu (1728 3092): "CPC Defines Guideline, Policies for '14th CPC National Congress"]

[Text] Recently, important speeches on the trends in the overall situation delivered by top CPC leaders like Tian Jiyun, Qiao Shi, and Jiang Zemin at the Central Party School have created an enormous impact in both Chinese and foreign media.

#### Jiang Accepts Deng's Proposal Completely

In the past, the scholarly Jiang Zemin often gave spontaneous, long-winded speeches, but on this occasion, in

addressing the students from provincial and ministerial level at the Central Party School, he read from a prepared speech. From this, it can be seen that this was a political gesture discussed and decided by the CPC's top hierarchy, and while the text was long and contained nine parts, the key was its acceptance without reservation of the substance of Deng Xiaoping's talks during the latter's southern tour.

At the Political Bureau meeting held by the CPC in early March, while some proposals raised by Deng in his talks during his southern tour were acknowledged, it was emphasized that Deng Xiaoping's ideological line should be comprehensively understood and implemented, and the "talks during the southern tour" were not even openly mentioned. But in this speech, Jiang Zemin not only completely accepted Deng Xiaoping's new proposal about promoting reform and opening in all directions and aiming for a higher stage, he also criticized at length the serious perils caused by "leftist tendencies" in the history of the CPC and underscored the need to guard principally against "leftist tendencies" in various endeavors at the moment.

#### Deng Whirlwind Defines Line

It is certain that thanks to his southern and northern tours, the "Deng whirlwind" has laid down the ideological, political, economic, and organizational lines for the 14th CPC National Congress. In the process, it was able to clear the air on a series of ambiguous understandings and arguments related to principal themes like reform and opening up being "surpassed socialism or capitalism," planning and market, acceleration and stability, opposition to peaceful evolution or economic construction. In the process, it comprehensively brought forth a new situation in reform and opening up from the central to the local levels and from the coast to the hinterland.

#### Development Makes Great Sense

Deng Xiaoping maintained that in looking at international experience, certain countries did go through periods or stages of high-speed growth in the process of their development. This is true for Japan, South Korea, and certain countries and regions in Southeast Asia. Today, equipped with complete domestic conditions, favorable international conditions, and the advantage of a socialist system which can rally all resources to undertake a big project, it is necessary as well as manageable to have certain stages of a fairly rapid economic growth rate and better economic performance in the course of modernization and construction. Therefore, the economy has to grow a bit faster and should not always remain so calm and uneventful. It is necessary to pay attention to the stable and coordinated development of the economy, but stability and harmony are relative and not absolute. Development makes great sense. This issue should be well understood. If it is not properly assessed and instead causes misunderstanding, then it will lead to caution; through failing to emancipate the mind and to carry out

projects boldly, opportunities will be lost. It is like sailing against the current, where failure to advance automatically means retreat.

It is in view of the aforementioned realization and with an eye to seizing the favorable opportunities both at home and abroad and aiming to raise economic development to a "new stage" that the State Council recently approved in succession new measures for reform and opening up in several provinces, cities, and regions. Preferential policies implemented in the special coastal economic zones were also introduced to the hinterlands of central China as well as in the northeastern, northwestern, and southwestern frontier regions in order to shape a new situation characterized by all-out operation and all-out development.

#### **Deng's Motives Behind Visit to Capital Iron and Steel Company**

The newly created State Council Economic and Trade Office led by Zhu Rongji took an important step forward in structural reform in the effort to invigorate the overall situation in economic production and market circulation. Recently, Deng Xiaoping visited large-scale northern enterprises, like the Capital Iron and Steel Company, which were successful in their reform-related experiments. The visit showed that Deng's vision on reform and opening up has now shifted to the key issue of invigorating the economy—how to effect the change of mechanisms in big and medium-sized state-run enterprises. At the same time, it also underlined his praise and support for the accomplishments of Zhu Rongji, who has been vice premier for just over a year. Not long ago, Zhu Rongji took some members of relevant ministries and commissions of the State Council to the Capital Iron and Steel Company in order to sum up the effects and results of the reform of the contract system.

#### **Zhu To Become Partner of Jiang, Li**

In our previous issue, this writer mentioned a speech by Zhu Rongji which fully assessed the talks by Deng Xiaoping during his southern tour. In the speech, Zhu pointedly outlined the concrete strategies related to efforts to "rise to a new stage" in the future as well as the various tendencies which should be guarded against. The speech was highly regarded by the CPC's top hierarchy. Reports said that the economic goal of China henceforth is "stable, coordinated, sustained, and rapid" growth. No doubt, following the 14th CPC National Congress, Zhu Rongji will become an important partner in the decision-making process of the Jiang-Li structure.

Looking at the current economic situation, the previous practice of too much talk and little work or of no talk and work only has been replaced by a series of major propaganda drives calling for audacious experiments and bold breakthroughs, for the pursuit of the best results and speed in all places. In the past, the hinterland regions as well as the northwestern and southwestern provinces have been passive as they waited for the coastal regions to take the first step and for the latter to spur on their

own economic growth through "horizontal associations." This has now been replaced by an active method of tapping their own advantages in resources, geography, and manpower in order to carry out reform and opening up boldly. Even Qinghai Province has also laid out a whole series of attractive preferential policies designed to bring in foreign investments and develop vast tracts of land, including investments, joint ventures, and leasing operations related to the development of Chaidamu.

#### **China Will Have "Four Little Dragons"**

Some people overseas are concerned that the Chinese economy will become overheated once again. However, the communist Chinese government maintains that the key lies in whether or not the economy will enter a benign cycle. The merits or demerits of the economic growth rate should not be determined simply by absolute figures. If economic growth falls into a benign cycle, then capital inputs will produce highly marketable commodities which, in turn, will speed up investment returns and lead to input into production once again or expanded reproduction. Completing such a cycle, no danger will ensue, however high the growth rate may be. If this is not the case, then even a growth rate of 5 percent will be dangerous. Hence, it is extremely important to set up a mechanism and system conducive to a benign cycle.

It is maintained that a new system of socialist commodity economy has already appeared in its embryonic form in China. It is very likely that the four open regions along the coast, that is the Zhu Jiang Delta, Su-Xi-Chang (Suzhou, Wuxi, and Changzhou), the Shandong Peninsula, and southeast Fujian, will take the lead and become China's "four little dragons," which, in turn, will spur on the great economic growth of China in the 1990s.

#### **Great Stride Taken in Guarding Against "Leftist Tendencies"**

Since Deng Xiaoping's talks during his southern tour, theoretical circles have become lively once more. Many scholars describe this as a high tide in the new emancipation of the mind.

At a recent seminar held in Beijing, Beijing University Professor Huang Nansen [7806 2809 2773] spoke on Deng Xiaoping's viewpoint about guarding against rightist tendencies but mainly against "leftist tendencies," asserting that this was basically the two-point view plus the focus view, which is both comprehensive and well-defined. In the past, people only understood "leftist tendencies" and rightism in terms of work methods. This time, he spoke from a higher level as well as from the high plane of carrying out the party's basic line. Looking at the two aspects in China's history and construction tasks, guarding against "leftist tendencies" is a protracted task. The history of the PRC since its founding is a long history of "leftist tendencies," where in the case of the three promotions and three demotions [referring to Deng Xiaoping's political career], the three demotions were caused by "leftist" intervention. If the reform and

opening up is to be intensified even further, it is also a long-term task to guard against "leftist tendencies."

In his speech at the Central Party School, Jiang Zemin stressed: "In the history of the party, 'leftist' mistakes proliferated for a very long period of time and left very profound influences. At a time when new roads have to be opened up and old patterns and models which hinder the growth of productive forces should be transformed in the course of construction and reform, obstruction often comes primarily from the 'left.' Because 'leftist' things often carry a certain revolutionary color, people are easily misled and it is therefore even more necessary to remind leading cadres to guard against 'leftist' intervention."

#### Deng Smashes Fixed "Leftist" Theories

A few years ago, Beijing journals published some articles which smacked of baton-wielding and of labeling and which vehemently denounced the view that "the exact nature of socialism is still an uncertainty." In his talks during his southern tour, Deng Xiaoping again focused on the dogmatic theory of bookishness and presented new expositions. He maintained: "The essence of socialism is to liberate the forces of production, develop productive forces, wipe out exploitation, eliminate polarization, and eventually achieve common prosperity." The system of public ownership, distribution according to labor, and planned and commodity economy were not discussed here because "planning and market are economic means." Academic sources believed that this was a breakthrough from the long years of a fixed "leftist" theoretical pattern and was a new scientific summary of tremendous, realistic significance in emancipating the mind.

Speaking on the acceleration of the pace of reform and opening up, the top leader of the CPC also smashed many old ideological restrictions, acknowledged the reality of the initial phase of socialism, pooled the wisdom of the masses, gave full play to the effects of market competitiveness and the law of value, vigorously promoted commodity economy, and took the path of common prosperity.

#### "Two Whatevers" Reemerge

With regard to an understanding of "leftist" ideology and its appearance in society, an earnest purge and correction is also under way. Earlier, tape cassettes of old "revolutionary songs and dances" as well as "ode to the sun" type music swept the mainland's cultural stage and screen. In particular, the songs and dances praised the "leftist" policies of premature advances like the "Great Leap Forward" and the people's communes, which were described as "large in size and collective in nature," in effect venting the dissatisfaction with the reform of people who repudiate the "contract responsibility system on a household basis with remuneration linked to output." Some "Cultural Revolution" songs were full of

words like struggle, which "highlighted proletarian politics," "the little red book," "big-character posters," "struggle sessions," "the revolutionary line," and the like. Songs on the "personality cult" glorifying leaders have already led to a new "glorification movement."

Beijing's media have already begun to criticize this kind of "leftist" nostalgia, describing it as a reemergence of the "two whatevers." Someone pointed out that a large-scale antipornography drive could be launched against pornographic books and videotapes, but it is not right not to adopt effective measures to stop the proliferation of songs which negate reform and opening up as well as the basic line. This also reflected the way to implement Deng Xiaoping's talks on principally guarding against "leftist tendencies." It is necessary to acknowledge their danger in confusing people's minds and to put a stop to them earnestly in order to promote the building of the four modernizations with concerted action and one heart and mind.

#### Hope in Scientific and Technical Progress

Deng Xiaoping feels a keen sense of urgency about the great developments going on in the world today in the fields of science, technology, and information. He said: "If the economy is to develop a bit faster, it will have to rely on science and technology and on education. In the past 10 or 20 years, science and technology have developed very rapidly in the world! A breakthrough in the field of high technology can bring about the development of a number of industries. Could we have grown so fast over the past few years without science and technology? Science should be promoted, as there is hope only by relying on science. Over the past decades, we have made considerable progress in science and technology and it is hoped that the advances will be faster in the 1990's. Every industry should set up clear strategic objectives and should aim for victory."

Song Jian, minister of the State Science and Technology Commission, is approximately 50 years old this year and belongs to the fourth generation of young and energetic successors of the CPC Central Committee. He announced that to speed up the development of science and technology and of the economy in the world today, it is necessary to take the path of international cooperation by absorbing all the excellent accomplishments of all countries, including those of Western developed countries. It is necessary to open up to the outside world in order to promote further international scientific and technological cooperation, whether it be in basic research, tackling tough issues in science and technology, or the technical upgrading of traditional industries. Especially in the development of new and high technology, it is even more necessary to focus on the international level, as new and high technology will not develop by restricting oneself to the domestic market. To this end, the necessary policies and regulations will be formulated and channels facilitated in order to create favorable conditions for the import and export of technology, introduction of foreign experts and sending of

Chinese experts overseas, and the attracting of Overseas Chinese students and trainees into returning to China to work.

#### Scientific and Technological Personnel Come to the Market

In serving economic construction, Song Jian stressed that an important link is to do a good job in converting scientific and technological results into realistic productive forces and accelerating the popularization and application of these results, defining as an important task of the principal battlefield the promotion of scientific and technological advances in big and medium-sized enterprises as well as in rural areas. He maintained that if 90 percent of scientific and technological personnel were to display their effectiveness in the market, then there would be great hope for China.

Reports say that China presently has tens of millions of scientific and technological personnel, but the great majority are found in the academies and institutes of science, where they labor for a few yuan in cash bonuses or for a certain position. Intellectuals in their sixties are at the peak of their careers in developed countries, with some setting up their own businesses or serving as consultants. But we are forbidden to do this and that, forcing these people to stay home to look after children or dance in old people's discos. University graduates do not go to work in enterprises, but instead find jobs in units where their parents or their relatives work and where they pour tea and pick up newspapers for the "uncles and aunts," taking the path of obedience and subservience. How can they display their effectiveness in this way?

Song Jian proposed that by letting half of their people go, the academies and institutes will not suffer from poorer work quality and may in fact perform even better. It is necessary to make a big stride in so far as the scientific and technological structure is concerned, create an attractive social atmosphere where scientific and technological personnel can display their talents, lure these people out of big academies and institutions and have them set up new- and high-tech industries where they can earn their own keep. The people who are let go from the academies and institutions should enter the main battlefield of economic construction in various ways, organize the tackling of tough issues, engage in product development, and offer consultancy services. Moreover, all kinds of ownership systems should be encouraged, be they state, collective, individual, or shareholding types. As long as they do not break the law and pay taxes accordingly, then it is all right.

By doing so, the past restrictions on second jobs, free circulation, and establishment of businesses by scientific and technological personnel will be broken.

#### New Area To Attract Foreign Capital

Reports claim that more audacious plans on opening up to the outside world will be presented gradually. Li

Lanqing, the minister of foreign economic relations and trade, recently revealed that commerce, foreign trade, banking, insurance, transport, civil aviation and other areas which were not open to foreign capital in the past will be gradually opened to foreign investment once experiences are accumulated from experiments. For areas or undertakings in which foreign capital is barred, investment plans by Taiwan compatriots may be discussed.

#### The Goal of Political Structural Reform

The reform of the political system is necessary both economically and politically; it involves the questions of both structure and ideas; it also involves a readjustment of interests and a transfer of power. Deng Xiaoping stressed the need to set up a new political system which is consistent with China's conditions in order to adapt to the needs of the development of socialist democracy and of commodity economy.

In terms of perfecting the people's congress system, the multiparty cooperation under the leadership of the CPC, and the political consultative system, the key lies in fostering the authority of the people's congress. This is both a manifestation of democracy and a symbol of the legal system. Deng Xiaoping emphasized that in order to erase the possibility of a few individuals or a small number of people changing the party's basic line, it is necessary to set up a system of collective leadership and form an effective power structure. Efforts should be made to ensure that the authority of the party and that of the government operate within the framework of the legal system and that a rational mechanism of democracy-openness-supervision-control is effected.

Meanwhile, the key to the structural reform of the government lies in a thorough transformation of its functions, turning from a system adapted to product economy to one adapted to commodity economy. Efforts should be made to rationalize comprehensively the relationship between government and enterprise and between government and society by delegating powers, to resolve to streamline operations and personnel, and to set up an honest and highly efficient administrative management system as well as a macroeconomic regulatory and control network. It can be asserted that the new State Council leadership to emerge next spring will put the accent on the formulation and implementation of important guidelines and policies, while its concrete management function will be greatly reduced.

#### Pick the Right Cadres Who Will Straddle This and the Next Century

As time passes, it is necessary to study earnestly the question of a leading body which will straddle this and the next century, whether in the political reform or the economic reform. Deng Xiaoping stressed that talented people are needed for development, and that doing without them is simply out of the question. Efforts should be made to encourage the use and emergence of talents. They must be trained and nurtured continuously and this should be

**carried out 365 days a year. As long as there are talented people, our cause will prosper.**

Authoritative sources concerned maintain that a good cadre who is to straddle this century and the next should possess a wealth of knowledge and excellent political accomplishments so that he or she can emancipate the mind, discard ossified and backward ideas, keep in step with the times, and adapt to the deeper needs of reform. At the same time, he or she should be equipped with the five main concepts of economics, public relations, exploration, science and technology, and risk so that he or she can genuinely and actively advance in the new times; adapt to all kinds of change; and make beneficial contributions to the state, society, and the people. It is for this reason that the CPC top hierarchy is very cautious in selecting and testing the fourth and fifth generations of successors.

#### **New Favorites To Become Members of the CPC Central Committee**

Perhaps, when new members of the Central Committee and its decisionmaking team are elected at the 14th CPC National Congress, tried and tested cadres who already occupy grade one leading posts, are approximately 50 years of age, and are pretty well-known, like Song Jian, Luo Gan, Wang Zhaoguo, Wu Yi [0702 0308], and Liu Yandong [0491 1693 2639], the current deputy head of the United Front Department, will be hot favorites.

#### **Article on Deng's Visit to Iron, Steel Company**

*HK1507020092 Hong Kong CHING PAO in Chinese  
No 180, 5 Jul 92 pp 36-37*

[Article by Cheng Te-lin (6774 1795 2651): "Deng Praises Shoudu Iron and Steel Company for Breaking With Convention of 'Constitution of Anshan Iron and Steel Company'"—first paragraph is CHING PAO introduction]

[Text] Deng Xiaoping said: The reform of Shoudu Iron and Steel Company has opened up a new road, a successful road, and cast off conventions and cast off the "constitution of Anshan Iron and Steel Company." We should promote the experience acquired by Shoudu Iron and Steel Company, and solve the problem of state-run large and medium enterprises.

According to an informed source in Beijing, on 22 May, accompanied by Beijing Mayor Chen Xitong and Minister of Metallurgical Industry Qi Yuanjing, Deng Xiaoping inspected Shoudu Iron and Steel Company, a state-run large enterprise which was the first one to try out the contracting system in China. Deng Xiaoping visited two production workshops and a research room, and said to the persons in charge of Shoudu Iron and Steel Company: When conditions permit, you must first create a comfortable working environment for scientific and technological personnel, and increase child-care services and facilities for children.

Ten years ago, before the reform, Shoudu Iron and Steel Company ranked last among the eight major iron and steel enterprises in the whole country, but it has now moved up to second position. Over the past 10 years, Shoudu Iron and Steel Company has resolutely practiced the contracting system, based itself on the people, actively explored ways to invigorate state-run large and medium enterprises under the condition of public ownership, and become an eye-catching model in the reform of large and medium enterprises. After Deng Xiaoping inspected and affirmed the experience acquired by Shoudu Iron and Steel Company, Zhou Guanwu, party secretary of Shoudu Iron and Steel Company and chairman of the company's management committee, received a certificate saying that he was listed in "Who's Who in the World" from Britain's Cambridge International Center of Biographies of the Famous in June, as well as an "International Famous Persons" certificate praising his outstanding contributions to the reform and development of enterprises in China.

#### **Some People Cannot Free Themselves From the Trammels of the Constitution of Anshan Iron and Steel Company**

According to information, Deng Xiaoping said after being briefed by the persons in charge of Shoudu Iron and Steel Company on the reform over the past 10 years: The reform of Shoudu Iron and Steel Company has opened up a new road, a successful road, and cast off conventions, what I mean is the constitution of Anshan Iron and Steel Company. (The constitution of Anshan Iron and Steel Company refers to the enterprise management method created by Anshan Iron and Steel Company in the 1960's. The main contents are: Vigorously launch technological transformation and technological revolution; vigorously launch the system of responsibilities based on the factory manager, mass movements, and politics, and led by the party committee; and launch two participations, one reform, and three integrations. Because its guiding thought was to use mass movements to pursue economic construction, and it neglected economic laws, it could not achieve results in a hasty manner). It has been 30 years, and there has been a leap forward in the era, but some of our leaders still cannot free themselves from the trammels of the "constitution of Anshan Iron and Steel Company." The reform of Shoudu Iron and Steel Company is not simple, and we must sum up experiences. The relevant departments of the State Council should come here to learn, sum up experiences, and solve the problem of state-run large and medium enterprises. I do not agree with the manner in which persons from the senior level come to take a look, and say a few words of praise, for this is formalism to cheat people, and will cause trouble, and that is not the work style of the party, but it is difficult to change some people.

Deng Xiaoping also said: The direction of reform of iron and steel enterprises is to solve the problem of three kinds of power between setting up projects, foreign

trade, and financing; economics and business management is an academic discipline and there is nothing mysterious about it. I am not an economics expert, and the central authorities and State Council and the localities have many such experts, but I do not see many of those who can offer innovative concepts, study new problems, and score relatively big and actual results in reform.

**Deng Asks Chen Xitong Not To Let the Capital Lag Behind**

Deng Xiaoping asked Chen Xitong: How many times have you come to Shoudu Iron and Steel Company? Shoudu Iron and Steel Company has been reported by the newspapers; why is Beijing unable to see how far it lags behind? Here is Shoudu Iron and Steel Company; can Beijing have a greater pace of reform? I am not criticizing you, the mayor, today. The municipal party committee has a responsibility to examine itself. Does it really understand, or does it take a perfunctory attitude? I want to see actual results. You must not be influenced by the thoughts and viewpoints of individual persons, and must listen to the central authorities. You must follow the line of the central authorities and walk faster, and do not let the capital often lag behind.

**Deng Says His Speech Will Not Win the Support of Everyone**

The persons in charge of Shoudu Iron and Steel Company said to Deng Xiaoping: All the staff and cadres in Shoudu Iron and Steel Company have learned from your southern tour speeches, become more open-minded, and enhanced confidence; we must scale new heights in reform and development, and live up to the earnest expectations of the party and Comrade Xiaoping. Chen Xitong also said: Beijing Municipality's cadres and people support Comrade Xiaoping's line of taking economic construction as the central task. Listening to this, Deng Xiaoping waved his hand and interrupted: Do you all agree with my southern tour speech? I am not idealistic, and I know the bottom line. Do you mean that those of the leading level of the party all agree to mainly guard against "leftism" inside the party? Do you mean that they all agree with upholding construction as the party's central task for 100 years? In fact, there are several kinds of response to my speeches: Some are encouraged and will give their support, some want to wait and see for fear of making mistakes, some take a perfunctory attitude, and some oppose them. Is it not true that you, the mayor, have also freed yourself from the thought of fearing making mistakes?

**CPC Recruits More Than 1.6 Million in 1991**  
HK1407143292 Beijing RENMIN RIBAO in Chinese  
1 Jul 92 p 1

[Report: "More Than 1.6 Million New Party Members Recruited Throughout Country Last Year"]

[Text] According to information provided by the CPC Organizational Department, approximately 1.6 million new party members were recruited throughout China last year. The newly recruited party members have played an exemplary role in reform, opening up, and socialist modernization and have added new blood to the party organizations.

It was learned that by the end of 1991 there had been some 12.41 million applicants for party membership throughout the country, an increase of approximately 3 million over the same period of the previous year.

**Daily Notes Beijing University Party Recruitment**  
HK1407143392 Beijing RENMIN RIBAO in Chinese  
1 Jul 92 p 3

[Report: "Beijing University Recruits Over 4,300 Party Members in Past Decade"]

[Text] Beijing University has recruited 4,346 party members over the past decade, of whom 113 were professors and assistant professors; 276 were lecturers and assistants; 354 were cadres, staffers, and workers; and 3,590 were students. [numbers as published] Consequently, they have played an important role in augmenting work on the campus, while a large number of party members were conveyed to society through work distribution of graduates.

Beijing University party organizations cultivated activists in various ways before they recruited new party members. In the two years between 1990 and 1991, they trained 2,600 activists who had sent in their applications for party membership.

To consolidate the results of training and further improve activists' qualities, the university party committee ran study classes on the basis of systematic training of activists to help augment their concept of party spirit and elevate their consciousness in the cultivation of party spirit through linkage to the current situation and ideological realities.

**Judicial Reforms, Economic Construction To Mesh**  
OW1407211892 Beijing XINHUA Domestic Service  
in Chinese 1310 GMT 14 Jul 92

[By reporter Shi Xiangzhou (0670 3276 3166)]

[Text] Changchun, 14 Jul (XINHUA)—China will continue to reform its judicial administration in affairs concerning lawyers, legal notarization, and reform-through-labor and reform-through-education operations. The nation will expand the ranks of needed personnel and restructure the administrative system so that it can serve reform, opening up, and economic construction more effectively.

According to the national conference of directors of justice departments and offices—which is now in session in Changchun—the nation's judicial administration has

developed substantially since its reinstatement. China now has 42,300 professional lawyers and 15,900 notary officers. In the past 10 years, the number of government organs, enterprises and establishments having hired legal affairs advisers has increased by more than 300 times, reaching 128,000.

The development of the judicial administrative system has facilitated economic construction and the development of law and democracy. In 1991, lawyers in the country helped enterprises prevent and recoup losses amounting to 14 billion yuan, and notary organs thwarted more than 9,000 cases of lawless conduct involving 1.2 billion yuan.

As reform and opening up continue to proceed, legal services have become more specialized, the sphere of services has broadened, and legal services involving foreign firms have become more essential. This being the case, the on-going national conference of directors of justice departments and offices has called for the need to expand the ranks of judicial personnel, upgrade their competency, and improve the judicial administrative system so that it can serve economic construction more effectively.

The major reform projects to be carried out in the field of judicial administration will be:

With regard to lawyers, efforts will be made to speed up establishing a system under which state-operated law offices will continue to play the dominant role and will coexist and develop along with partnership-based law offices. Great efforts will be made to expand the ranks of lawyers, including using incentives to encourage law students and law specialists studying abroad to return home to work as lawyers. Professional training for operating lawyers will be intensified so as to make them more proficient in partaking in economic activities, especially export-oriented economic activities. Pilot projects permitting foreign lawyers to set up offices in China will also be carried out.

With regard to notarization affairs, efforts will be made to expand the ranks of notary personnel; to provide more notarization services needed for accelerating reform and opening up and for launching new economic construction projects; to expedite notarization-related legislature; and to expand the autonomy of notarization offices by improving their management and internal mechanisms.

With regard to the reform-through-labor and reform-through-education operations, efforts will be made to further restructure the supervisory system and the relevant enterprises so that the nation will have a supervisory system which can strengthen the people's democratic dictatorship and consolidate the state's political power, as well as a vigorous system which manages reform-through-labor and reform-through-education economies so that they can meet the needs of commodity economy.

With regard to legal education, efforts will be made to change the current situation—the situation of recruiting law students only from high school graduates—which cannot satisfy the needs of procuratorial operations, and to expand curricula or training seminars concerning the commodity economy and international economic law. With regard to grass-roots operations, efforts will be made to improve legal and mediation services in townships and towns; to establish or improve the system of reporting on social situations, the cooperative regulatory system, and the system of settling civil disputes; and to provide legal services and regulation that can satisfy urban and rural economic development, democratic and legal development, and the establishment of grass-roots political power.

#### Correction to Item on Copyright Conventions

HK0907032492

The following correction pertains to the item headlined "Commentator on Copyright Conventions' Benefits," published in the 9 July China DAILY REPORT, beginning on page 22:

Page 22, second column, first full paragraph, second sentence, make read: ...property rights has been ready; in the aspect.... (changing "begun" to "been ready")

Same page, same column, second full paragraph, last sentence, make read: ...law, demonstrate our respect for the principle of respecting.... (adding words "respect for the")

Page 23, first column, third full paragraph, antepenultimate sentence, make read: ...international copyrights conventions on specific provisions. Such differences can be.... (adding words "on specific provisions")

Same page, second column, first full paragraph, from first sentence, make read: ...longer enjoy protection. Even if retroactive protection is recognized, signatory countries can.... (adding phrase "even if retroactive protection is recognized")

#### Military

##### Deng Xiaoping Names Liu Huaqing to CMC

HK1507014992 Hong Kong SOUTH CHINA MORNING POST in English 15 Jul 92 p 10

[By Willy Wo-lap Lam]

[Text] Patriarch Mr Deng Xiaoping has moved to consolidate his hold over the Army by nominating key protege General Liu Huaqing to succeed President Mr Yang Shangkun as first vice-chairman of the policy-setting Central Military Commission (CMC).

According to Chinese sources, the promotion of General Liu, a long-time Deng loyalist, will be confirmed at a CMC meeting scheduled to take place immediately after the 14th Communist Party congress late this year.

The sources said General Liu, vice-chairman of the CMC since late 1989, was at the same time a candidate for the state presidency, a post that the 84-year-old Mr Yang will also relinquish.

A former navy commander and vice-minister for defence-related research, General Liu, 76, is an expert on military modernization, the key goal of the People's Liberation Army (PLA) for the 1990s.

Another Deng protege due for promotion at the next CMC meeting is General Yang Baibing, the half-brother of President Yang.

At present secretary-general of the CMC, General Yang, 72, is tipped to be made its vice-chairman.

Western defence analysts said the PLA would be run by Generals Liu and Yang, with the former concentrating on technical and professional matters, and the latter, ideological concerns.

General Liu is considered much more popular with career officers than General Yang, a veteran commissar who has risen on the coat-tails of his half-brother.

By ensuring that ultimate authority stays with General Liu, Mr Deng also hopes to curb the growing clout of the Yang brothers, who have been accused of "empire building".

The analysts said party General-Secretary Mr Jiang Zemin, who is also CMC chairman, would continue to remain a figurehead in the military establishment.

They said while Mr Jiang had been regarded as a Deng protege, he had offended the patriarch by siding with hardline elders including Mr Chun Yun throughout 1991.

"During Deng Xiaoping's trip to the south, the patriarch went so far as to offer the CMC chairmanship to Liu", a source said.

In its just-published issue, the China-watching magazine **WIDE ANGLE** [KUANG CHIAO CHING] also predicts that General Yang's other position of chief political commissar would go to one of his deputies, General Li Jinai.

**WIDE ANGLE** said General Li had played an active role in the CMC meeting of late April, which finalised plans for the upcoming reshuffle.

In the meantime, Chinese sources said the authorities had had a hard time finding a successor to Mr Yang as state President.

They said Premier Mr Li Peng would probably be given the "compensation post" of president if he stepped down early next year.

However, if Mr Li were given a second five-year term at the 14th Congress, General Liu would be a front-runner for the post of head of state.

Another candidate to succeed Mr Yang is National People's Congress Chairman Mr Wan Li, who has been a close follower of Mr Deng since the 1970s.

#### Li Tieying on College Students' Military Training

SK1507044992 Shenyang Liaoning People's Radio Network in Mandarin 1030 GMT 7 Jul 92

[Text] On the morning of 7 July, Li Tieying, member of the CPC Central Committee's Political Bureau, councillor of the State Council and concurrently minister in charge of the State Education Commission, and Han Huazhi, deputy chief of the General Staff of the People's Liberation Army [PLA], in the company of Quan Shuren, (Tao Bocun), Wen Shizhen, Bi Xizhen, Liu Jingsong, Song Keda, and Wei Fuhai, attended the commencement held by the Dalian Army Academy in honor of the Fudan University freshmen enrolled in 1991 who had finished the military and political training courses at the academy. Organizing newly enrolled college students to join the military and political training class in army academies represents an important policy decision made by the CPC Central Committee, the State Council, and the Central Military Commission and also an important measure for the reform of higher educational institutions throughout our country. Beginning in September 1991, the Dalian Army Academy provided the military and political training class for the 754 students newly enrolled by Fudan University in 1991, which has enabled these college students to make progress and notably improve their political, military, and cultural knowledge and to basically realize the training targets set by the State Education Commission and the PLA Political Department.

At the commencement, leading personnel from the organs of the state, the province, the city, and the PLA viewed the performances presented by these students, such as military parades, martial arts, bayonet fighting, and shooting practice. They also congratulated those who had scored marked achievements in the training and commended the cadres and teachers of the Dalian Army Academy who had made contributions to the training work for college students.

At the commencement, Li Tieying, councillor of the State Council, delivered a speech, in which he stressed that socialist education is aimed at training young people to become the builders and successors to carry on socialist undertakings. Providing students with the opportunity of military training and social practice and conducting education in other fields are aimed at enabling college students to have broader knowledge in science and lofty ideals and to render service and make contributions to the prosperity of the Chinese nation. The current in-depth reform of higher education represents the measure for higher educational institutions to render services to economic construction and train a new generation of personnel with high standards. He urged college students to carry out the reform in a creative manner.

**Editorial Urges Stepping Up Party Building**

HK1507062092 Beijing JIEFANGJUN BAO  
in Chinese 1 Jul 92 p 1

[Editorial: "Arm Vast Numbers of Communist Party Members With Theory Concerning Building Socialism With Chinese Characteristics"]

[Text] At a time when the entire party, Army, and people of all nationalities are conscientiously studying and implementing the guidelines of Comrade Deng Xiaoping's remarks during his south China tour, quickening the pace of reform and opening up, and preparing to celebrate the opening of the 14th CPC National Congress with our practical actions, we enthusiastically greeted the arrival of the brilliant festival, the 71st anniversary of the CPC's founding.

In commemorating the party's birthday and stepping up building of the party, the important task confronting us now is to penetratingly study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and, armed with this theory, further enhance the consciousness of the vast number of party members to carry out the party's basic line and escort the advance of economic construction, reform, and opening up even more effectively.

Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics is the product of integrating Marxist basic principles with China's concrete reality of the modernization drive and the new contribution to Marxism-Leninism-Mao Zedong Thought, and the theory of scientific socialism under the new historical condition. Comrade Deng Xiaoping's important remarks during his south China tour were made with great foresight and after careful consideration. He has analyzed the current international and domestic situations and summed up China's basic practice and experience since reform and opening up, which highly embodied and further developed his consistent idea on building socialism with Chinese characteristics over the past 10 years or so. The establishment of the road of building socialism with Chinese characteristics and the formation of its theory, line, principles, and policies marked the emergence of China's socialist cause into a new development stage and an historical leap in the process of the party's understanding of socialism. Comrade Jiang Zemin's recent important speech at the Central Party School highly appraised Comrade Deng Xiaoping's historical achievements, concentrated and generalized the key ideas in Comrade Xiaoping's important remarks, comprehensively expounded on their essence, and set definite demands for implementing their guidelines. Over the past few months, through the study of Comrade Deng Xiaoping's important remarks, Comrade Jiang Zemin's important speech, and of the spirit of the plenary session of the CPC Central Committee Political Bureau, the vast number of party members, cadres, and fighters have further emancipated their minds and achieved unity in thinking. Hence, they have

had even stronger confidence in building socialism with Chinese characteristics. We should note that there are extremely rich contents in building socialism with Chinese characteristics which will be further enriched and developed in practice. The study of this theory is a long-term task of strengthening the party's ideological building. Therefore, it should be upheld in a thorough-going way in light of the reality.

To really understand and master the theory of building socialism with Chinese characteristics, we should link it with the current practice of reform, opening up, and economic development so that it can be applied to work. This is all the more important to the comrades in our Army. Comrade Jiang Zemin pointed out: A distinctive key idea runs through Comrade Deng Xiaoping's important remarks, that is, the necessity of unswervingly and comprehensively carrying out the party's basic line of "one center, two basic points," for which we must emancipate the mind, seek truth from facts, give a free hand to explore new ways courageously, remove various kinds of interference, seize favorable opportunities, quicken the pace of reform and opening up, concentrate our energy to boost economic construction, and unceasingly and comprehensively push forward the cause of building socialism with Chinese characteristics. We must take firm hold of this key idea in thinking and work and, centering around this key idea, further study a series of essential basic viewpoints in a penetrating way to seek unity in thinking and give guidance to practice. These include: Why reform is aimed at liberating productive forces, just as is revolution; why it is necessary to seize the current favorable opportunity to accelerate reform, opening up, and economic construction; why a little more stress laid on plan or on market is not an essential difference between socialism and capitalism, as both plan and market are economic means; why "left" tendencies can ruin socialism as much as right tendencies, and therefore we must be on the alert for right tendencies but mainly guard against "left" tendencies; why we must enthusiastically assimilate and use for reference all the useful things from capitalist countries; why we must persist in doing two types of work simultaneously, and how to attach equal importance to both; how we should strengthen party building under the new historical condition; and so on. With regard to such major issues, we should repeatedly study, think deeply, and unceasingly deepen our understanding through practice. For the purpose of mastering this theory, it is extremely important to emancipate the mind. Otherwise, old concepts will not be changed and all tasks will not be properly carried out. Once the mind is emancipated, people will be quick-witted and able to think of many ways to overcome various kinds of difficulties so that everything is done properly.

To Army units, the study and implementation of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics means attaching importance to quality building, doing a good job of readjustment and reform, and taking the road of maintaining a crack army

with Chinese characteristics in line with Comrade Deng Xiaoping's ideology on Army building in the new period. The Army is the powerful strength of safeguarding the country's security and social stability. In the great practice of building socialism with Chinese characteristics, the Army shoulders the important responsibilities of escorting the advance of economic construction, reform, and opening up. This sets a demand on us to unflinchingly carry out the party's basic line; strictly keep pace with the central authorities politically, ideologically, and in our actions; serve the needs of the country's overall economic construction plan; continue to put into practice the principle of tolerance [ren nai 1804 5082] and actively support and participate in the country's reform and construction; carry out the Army's own reform in a positive and appropriate way; and step up education and training according to the criteria of having "good political qualifications, high military proficiency, fine style, strict discipline, and adequate maintenance and supplies," to increase the combat strength of the Army in a comprehensive way. We must do all we can to realistically push the Army's overall building to a new height with a strong sense of mission and responsibility in a new attitude and style.

In studying and implementing the theory of building socialism with Chinese characteristics, we must intensify building party organizations at all levels in the Army. Over the past few years, we have stepped up building leading groups of party committees at all levels, in line with the requirement of "study, unity, honesty, and reality," and accelerated building party branches in line with the requirement of "amplifying organizations, putting systems into effect, and strengthening leadership" with a view to conducting the study and education of the vast number of party members on the party's basic line, the party's absolute leadership over the Army, and the party history. These have reaped remarkable results. We should note that the great cause of building socialism with Chinese characteristics and the Army's reform and opening up have set higher demands on the building of party organizations in the Army. We should develop and carry forward the glorious tradition of party building, adapt ourselves to the new situation and tasks, create new approaches, sum up fresh experiences, and further push forward building ideology, style, and organization in party organizations. In performing the "escort" mission, every party committee should be a staunch core, every party branch should be a fighting force, and every Communist Party member should be an exemplary vanguard. Let us closely rally around the CPC Central Committee and the Central Military Commission, with Comrade Jiang Zemin at the core, make realistic efforts, do practical things, and strive for actual results to greet the party's 14th national congress with new achievements.

#### Article on Reform, Army Ideological Work

HK1007104392 Beijing JIEFANGJUN BAO  
in Chinese 24 Jun 92 p 3

[Article by Tong Guorong (0157 0948 2837): "Actively Correspond to New Situation of Faster Reform, Opening Up, Do Regular Ideological Work With Clearer Objectives in Mind"]

[Text] Since the beginning of this year, following the study and implementation of Comrade Deng Xiaoping's important remarks during his south China tour, an upsurge of faster reform and opening up has been unleashed in the entire country, and the pace of Army reform has been further quickened, too. How we should positively meet the demands of the new situation, strengthen the goals of our Army's regular ideological work, and raise the regular ideological work to a new level is an important task before us and an important subject of thoroughly putting into practice the "Outline of Army Regular Ideological Work Regulations" and making a new breakthrough in the regular ideological work.

#### First, Fully Understand the Favorable Conditions for Doing the Regular Ideological Work Well

Practice over more than 10 years has proven that reform and opening is the road leading to a powerful nation, and also a mighty motive force pushing Army building forward. First, reform and opening up have energetically promoted economic development, the enhancement of the people's living standard, and an increase in the country's overall strength; and have fully displayed the superiority and development potential of the socialist system and the correctness of the party's basic line of "one center, two basic points." This has not only further strengthened the confidence of the vast number of officers and men in socialism, but has also provided rich teaching materials and a lively classroom for the Army's ideological education. Second, some ideological concepts and social awareness which reflect the development requirements of the social productive forces and formed in the course of reform, opening up, and socialist commodity economic development—such as the spirit of reform, exploration, and initiative; the social practices of attaching importance to information, striving for efficiency, and respecting knowledge and talented personnel; and the style of seeking truth, dealing with concrete matters, and working arduously—have strongly inspired the vast number of officers and men to perform meritorious services in the building of national defense, and injected vigor and vitality into the Army's political work. Third, reform and opening up have vigorously enlivened the social economy, replenished the market, and broadened the channels of labor and employment, which have provided important guarantees for improving the Army's material and cultural life, and have offered cadres transferred to civilian work more opportunities for placement as well as job assignments for their family members, thus creating favorable external conditions for further doing Army work properly. In addition, a lot of successful experiences and practices gained by various localities in terms of stepping up socialist spiritual civilization have also provided the Army with useful references. So long as we fully understand and make use of these favorable conditions and do our work conscientiously, our ideological work will certainly suit the new situation of reform and opening up and play its service and guaranteeing role even better.

**Second, Energetically Step Up the Analysis, Study, and Prediction of Actual Ideology in the Army, and Do Ideological Work in Advance**

At present, the actual ideological problems, as they have been summed up, have concentrated on the following aspects: First, some ideological misgivings have emerged owing to a lack of understanding of the party's line, principles, policies, and some concrete measures in reform and opening up. For example, some comrades are worried that faster economic development will lead to an "adventurous advance"; that polarization will occur if some areas and some of the masses become prosperous earlier than others; that opening wider to the outside world will have a negative impact on party style and social customs; and so on. Second, various kinds of problems have cropped up because people fail to adopt a correct attitude toward the adjustment of interests in reform. For example, upon seeing the income gap between the Army and some of the masses who have become prosperous prior to others, some comrades will have imbalanced and comparing mentalities, desiring early transfers to localities in which they can make fortunes. And upon seeing the local in-depth reform of the labor and personnel, wages, and social insurance systems, other comrades are worried that they will meet with difficulties in getting jobs after being transferred to civilian work and that their family members may be laid off. Third, people's minds have been eroded because of an inability to correctly distinguish between various ideological trends which have emerged in reform and opening up. For example, affected by a corrupt ideology, culture, and life style, some comrades have a distorted concept of value, a poor temperament, and a slackened style and discipline; a few have even gone so far as to follow the road of violating laws and committing crimes. Although the above problems have existed for some time, in the wake of a faster pace and increased contents of reform and opening up, and especially when reform has touched immediate personal interests, various kinds of ideological problems stand out more strikingly. We must have sufficient understanding and full ideological preparations on this issue, make further efforts to keep abreast of the actual ideological condition of officers and men, and analyze and study it against the big social background of faster reform and opening up. We must be thoroughly informed of the progress of local reform and the influence of social environment on the ideology of officers and men. Furthermore, we must earnestly have a grip on the law governing the ideological changes in officers and men in different areas, periods, and positions before and after major policies are adjusted and various reform measures are introduced, as well as the ideological changes in officers and men who came from different types of families and were engaged in different social professions before joining the Army. In this way, we will be able to take precautions with foresight and do the regular ideological work in advance.

**Third, Make Education on the Party's Basic Line Run Throughout the Regular Ideological Work**

Under the new situation of faster reform and opening up, various kinds of actual ideological problems existing among officers and men are mostly connected with the understanding and comprehension of the party's basic line of "one center, two basic points." In a certain sense, the party's basic line is a "golden key" to solving the ideological problems of officers and men. Therefore, in doing regular ideological work, we should lead the vast number of officers and men in furthering their understanding of the party's basic line, and enhance their consciousness in carrying out the party's basic line, which should be taken as our most fundamental task and requirement. We must earnestly organize officers and men to penetratingly study Comrade Deng Xiaoping's important remarks during his south China tour and his theory on building socialism with Chinese characteristics; accurately grasp the three criteria for judging whether things in reform and opening up are socialist or capitalist in nature; correctly understand such major issues as plans and markets, early or late prosperity, public ownership as a leading factor, and the coexistence of multiple economic sectors; make clear the truth that "a nation will become prosperous only after the people get rich, and an army will become powerful only on the strength of a prosperous nation;" clearly define the heavy historical responsibilities of our Army in reform and opening up; and consciously escort the central leadership in reform, opening up, and socialist economic construction. We should make education on the party's basic line run throughout and merge with heart-to-heart talks, democratic discussions, casual education, and cultural activities; continuously seek unity of the ideological understanding of officers and men with the party's basic line; and, through solving various actual ideological problems, train and raise group after group of military personnel with high ideals and moral integrity, who are better educated and have a strong sense of discipline.

**Fourth, Educate Officers and Men on Setting Up a Correct Outlook on Interests, and Continuously Increase the Tolerance for In-Depth Reform**

We must give guidance to all military personnel on treating interests with a reform viewpoint, and make them understand that some tendencies which have affected their rights and interests because of the imperfect policies and backward management are just temporary and will be gradually overcome with the deepening of reform and coordination of reform measures. We must give guidance to them on viewing interests in the light of overall considerations so that they will understand that without a prosperous country, a powerful army will not be built up, and personal demands cannot be satisfied. At any time, therefore, the interests of the whole should be taken into consideration, and personal and current interests should be subordinated to collective and long-term interests. We should also give them

guidance on viewing interests in light of soldiers' responsibilities and obligations; seeing clearly the lofty responsibilities and missions they are shouldering, which call for them to make more personal sacrifices for the country and people's interests; and proceeding to establish the concepts of value and interests at a level higher than those of the ordinary masses, so as to consciously develop the spirit of selfless dedication. Meanwhile, if policy stipulations and conditions permit, we should enthusiastically resolve their practical problems. We should do all that we can to improve the Army's material, cultural, and living conditions, and show concern for the matrimonial and family life of cadres and fighters. All the demands of the Central Military Commission and general departments must be fulfilled by every possible means so long as conditions exist, and those which cannot be met for the time being must be clearly explained and properly handled. Only by so doing can we help raise their perceptual knowledge to the level of rational knowledge so that they will feel the sympathy and concern extended by the state, party, and entire society to them and their families in the course of reform and opening up. Thus, they will be aroused to support reform, work contentedly in the Army, and positively perform their duties for the country's economic development and social prosperity.

#### **Fifth, Be Good at Using Local Achievements in Reform and Opening Up To Conduct Lively and Practical Education in the Army**

The achievements scored by localities in the practice of reform and opening up have provided a favorable social environment to push Army building forward, and have also supplied lively teaching materials and classrooms for strengthening regular ideological work. To handle properly the regular ideological work in the accelerated reform and opening up, we should pay attention to using the great changes in social economic development and the people's lives, brought about by reform and opening up, to carry out education on building socialism with Chinese characteristics in the Army; strengthen the officers' and men's confidence in socialism and their firm trust in the correctness of the party's line, principles, and policies; use the endeavors of the broad masses to explore new ways for pioneering causes in local reform and opening up to conduct education on arduous struggle in the Army in order to increase their sense of devoting themselves to the cause of national defense; and use the lively facts of giving full play to the role of science, technology, and qualified personnel in promoting economic development and social progress to conduct education on science and technology being the primary productive force and on respecting knowledge and professionally trained people, in order to encourage officers and men to master scientific and cultural knowledge and professional techniques with great efforts so as to make new contributions to the modernization of national defense. We should work hard to improve approaches, broaden channels, and adopt diversified forms to do the regular ideological work in a lively, vigorous, and solid manner.

#### **Army Paper on Capitalism, Public Ownership**

*HK1507112092 Beijing JIEFANGJUN BAO  
in Chinese 1 Jul 92 p 3*

[“Theoretical Jottings” by Meng Qingzhong (1322 1987 6988); “Impressions of ‘Light That Illuminates All Things’”]

[Text] In 1857, Karl Marx began writing the book *The Critique of Political Economy*. In preparing the structure of the book's chapters, he did not first talk about land ownership, land rent, and then capital, as many economists were in the habit of doing. On the contrary, he began with a discussion of capital and then proceeded to land rent, land ownership, and so forth.

Why did he make such an arrangement?

In the preface to the book, Marx explained, saying: “In all forms of society, there is a kind of definite production that controls the status and influence of all other productions, and therefore its relations also control the status and influence of all other relations. This is a kind of light that illuminates all things. In it, all colors become invisible, and it changes their characteristics.” In bourgeois society, “capital” is a kind of “light that illuminates all things.” Agriculture, land rent, land ownership, and so forth are all under the complete control and restriction of this kind of productive relations, and “their characteristics have changed as a result.” Under these circumstances, those who “do not understand capital do not understand land rent.” Therefore, in order to analyze and study the various productive relations in capitalist society, it is necessary to use “capital” as the “starting point” for discussion and “place it before land ownership for an explanation.”

What Marx mentioned here not only is a scientific method for the study of economics, but also offers a key to our correct understanding of the various economic forms in social life and the mutual relations between them. Today, as reform and opening up is being expedited, a large number of foreign-invested enterprises are emerging in China. Some people are always unrealistic in their thinking and ask: Are they something capitalist, and will they affect the consolidation of the socialist system? This method of independently observing and understanding questions by leaving out the entire socialist environment is obviously incorrect.

Foreign-invested enterprises indeed have capitalist colors. Exclusively foreign-funded enterprises, especially, have stronger capitalist elements and colors. However, we should see that in China, the economy of socialist public ownership plays a leading role and state power is in our hands. Under these circumstances, we can selectively introduce some foreign-funded enterprises, and they will be controlled and restricted by our country's entire socioeconomic and political conditions, especially by the economic relations of socialist public ownership which plays a leading role in China's economy. This is, in Marx' words, “a kind of light that

illuminates all things." With its illumination, these economic elements which possess capitalist colors will become "invisible" in it, and some changes will inevitably occur in their nature and characteristics. In the case of exclusively foreign-funded enterprises, for example, although wage labor relations and exploitation exist in them, they are closely bound up with the economy of socialist public ownership. Consequently, they have to be managed by us and operate according to our laws and regulations. Moreover, we can learn management experience from them and gain the profit of taxes and labor service. This has, to a certain extent, changed their original purely capitalist nature. Developing foreign-invested enterprises will not affect the consolidation of the socialist system. Rather, it is favorable to our promoting production, activating the market, and increasing employment opportunities. It is a necessary and beneficial supplement to the socialist economy.

In observing any social problem, we must not forget to make a comprehensive and all-sided observation in light of the entire social system, and must not forget the "light that illuminates all things," which takes a leading role, in the system. In this way, in the face of the various new things emerging in the great tide of reform and opening up, we can be more confident and broad-minded in accepting a variety of ideas, and be less puzzled by hesitation over the two poles of socialism and capitalism, and thus be more bold and take a bigger step forward in advancing the building of the socialist cause with Chinese characteristics.

#### Obituary for Navy Commander Nie Kuiju

OW1307090392 Beijing XINHUA Domestic Service  
in Chinese 0601 GMT 13 Jul 92

[Text] Beijing, 13 Jul (XINHUA)—Nie Kuiju, member of the CPC Central Committee, commander of the East China Sea Fleet and deputy commander of the Nanjing Military Region, died of illness in Beijing on 2 July. He was 66.

Comrade Nie Kuiju was a native of Qingzhou City, Shandong. He joined the Eighth Route Army in 1944 and the CPC the next year. He served successfully as squad leader, secretary in charge of cultural activities, political trainer, associate political instructor, warship political secretary, captain and concurrently political commissar, battalion leader, section chief, warship detachment chief of staff and commander, naval base commander, and deputy commander of the Navy. During the liberation war, he participated in the Laiwu, Weixian, Jinan, and Huaihai campaigns as well as the campaign to cross the Chang Jiang. Between 1953 and 1955, he took part in the Maotouyang Sea Battle and the campaigns to liberate Dongji Islands and Yijiangshan Island. He was awarded the rank of vice admiral in 1988. He was elected alternate member of the 12th CPC Central Committee.

Comrade Nie Kuiju dedicated his whole life to the interests of the party and the people. In particular, he

devoted himself heart and soul to the development of the People's Navy and the defense of the sovereignty of the motherland's territorial sea. He made an outstanding contribution.

#### Missile Testing Center in Northwest Profiled

HK1207014692 Beijing JIEFANGJUN BAO  
in Chinese 8 Jul 92 p 1

[By Zhang Dongfeng (1728 2639 3764) and Ma Chunlin (7456 2504 2651): "History of Struggle by Weapons Builders of Several Generations—Northwest Land-to-Air Missile Testing Base Builds First-Rate 'Missile City' in Gobi Desert"]

[Text] Thirty-four years ago, with Chairman Mao Zedong's approval and personally led by General Secretary Deng Xiaoping, construction began on a land-to-air missile testing base in the northwest. Through hard struggles by several generations of "sword makers," a first-class "missile city" has now been built in the barren Gobi Desert. It shows the world that China's land-to-air missile testing has reached advanced international standards.

The Air Force's northwest land-to-air missile testing base is the only unit authorized to test, label, and approve missiles on behalf of the state. Since 1958, when it was built, they have worked very hard and established a comprehensive testing base which has a complete set of various types of missiles. From the testing of one type of missile at the beginning, they have developed tests for various missiles; from testing conducted in a fixed air space, they have developed tests for low, middle, and high-altitude and near-distance, medium-distance, and long-distance testings; and from intercepting a single object, they have developed the ability to intercept various objects simultaneously. They have tested several thousand missiles of over 10 types, labeling them, and winning several dozen scientific and technological awards from the state and the military; and they have become our country's first air defense weapons testing base which is open to the outside world.

This base has first-class testing facilities. They have completely renewed and transformed the old facilities, and, at the same time, boldly imported high and new technologies from the world, taking steps which have enabled them to advance 20 years. At present, the base possesses advanced laser testing, radar testing, and station testing systems, and other supporting modern, testing, measuring, and control systems. Working in an extremely difficult environment, the intellectuals in the base have established a first-class contingent of talent. Cao Xinguo is a senior engineer who has worked at the base for 27 years. He has scored major results in several hundred launches of missiles of over 10 types and is now a renowned missile expert at home and abroad. At a technological exchange meeting with foreign counterparts, he answered and solved more than 20 difficult points and earned the praise of his foreign colleagues. In

the last four years, the number of test projects and scientific research projects accomplished by the scientific and technological personnel at the base equaled the total of the preceding 20 years. Among university graduates who have entered the Gobi Desert since 1982, 73 percent have taken leading scientific research posts.

In the past, Marshal Chen Yi made a wish at the base: "When your missiles go to the sky, I can stand up as a foreign minister." Today, with their first-class testing ability and standards, the officers and men in the "missile city" have fulfilled his wish.

#### Commentator Hails Achievements

HK1207014892 Beijing JIEFANGJUN BAO  
in Chinese 8 Jul 92 p 1

[Commentator's article: "Solid Work Helps One Develop Himself Rapidly"]

[Text] A world-class "missile city" has emerged in the barren Gobi Desert in the northwest of our country. It really is a miracle! Air Force comrades at the northwest land-to-air missile testing base who created the miracle have used their brilliant achievements to provide us with valuable experiences in how we can grasp the opportune time under currently available conditions to develop ourselves rapidly.

Comrade Deng Xiaoping has repeatedly stressed: "To build the four modernizations, China must work solidly and honestly." Our duty is to narrow the gap between us and the developed capitalist countries. In pushing for a place among the advanced nations in the world, there is no other choice than to struggle hard, persistently and tenaciously. Furthermore, modernization is not a static concept, and if we want to stand firmly amid the fierce competition and to secure the "commanding elevation" of the four modernizations, there is no way other than making more effort, enduring more hardships, and paying a bigger price.

At present, it has become a consensus among people in the whole country that we must grasp the opportune time, expedite reform and opening up, and speed up self-development. To "expedite" and "speed up," we must work hard and solidly and fight for progress. Comrades at the Air Force's northwest land-to-air missile testing base have great aspirations and a strong sense of responsibility for pursuing and surpassing first-class world standards; they have struggled hard for a long time, transformed a series of the world's most advanced technologies into scientific and technological strength available for our country's national defense, "took steps which enabled them to leap 20 years" and have made outstanding contributions to the building of a "great wall in the air" which has been dreamed of for generations by the Chinese nation. If we can struggle hard like them, then what forces in this world can stop us from expediting our pace of advancement?

#### Army Carries Out Housing System Reform

HK1307121492 Beijing RENMIN RIBAO in Chinese  
30 Jun 92 p 3

[By Li Xiuxing (2621 4423 5281) and Wang Yihua (3769 5030 5478): "Whole Army Carries out Reform of Housing System"]

[Text] Reform of the People's Liberation Army's [PLA] housing system will be carried out from 1 July.

After the "plan for carrying out reform of the Army's housing system" was approved and promulgated by the Central Military Commission [CMC], it was transmitted to lower levels. After the second work conference on the whole Army's housing reform concluded, all of the Army's large units successively held work conferences on housing reform to study and arrange for this work. At present, the housing reform offices of all large units each have about five full-time cadres and headquarters and political and logistics departments at all levels are closely coordinating with and supporting each other. According to statistics, the number of the Army's housing reform backbone elements who have been trained number some 17,000.

On the basis of the "outline of housing reform propaganda and education" printed and issued by the General Political Department, all units have extensively carried out housing reform propaganda and education in many forms, such as radio, closed circuit television, lectures, discussions on special topics, printing and issuing open letters, and advice on housing reform to make the aim, significance, policies, and regulations gradually strike root in the hearts of the people.

According to the scope, contents, method, and steps determined by the Army's Housing Reform Office and on the foundation of a pilot project, all large units should organize manpower in advance to carry out simulated housing reform in an all-around way. Statistics show that 98 percent of Army residential units have completed the task of simulated operations and over 90 percent of residents have done rental calculations. All forms have been completed according to regulations and the residents interviewed. In compliance with the "plan" promulgated by the CMC the simulated operation or pilot project on housing reform has been mainly carried out in the form of increasing rents step by step, new rents for new houses, increasing rents in excess of a specified amount, constructing houses by pooling funds, and so on.

#### Guizhou's Liu Zhengwei Inspects Army Factory

HK1507061692 Guiyang Guizhou People's Radio  
Network in Mandarin 2300 GMT 7 Jul 92

[Text] According to a GUIZHOU RIBAO report, on the morning of 5 July, provincial party committee Secretary Liu Zhengwei and his company went to the Chinese People's Liberation Army Factory 3326 on an inspection tour. After listening to the factory leader's report on the

factory's situation, Liu Zhengwei said: All levels of cadres must conscientiously study the speeches Comrade Deng Xiaoping made during his south China tour to master the essence and carry them out. They must seize the favorable opportunity to lead the broad masses of people in enthusiastically throwing themselves into reform. Every party member must face the new trial of reform.

Liu Zhengwei also expressed the hope that light industry would fully display its advantages, vigorously spread the use of new techniques and technologies, gear its production to market needs, and transfer military technologies into production of civilian products as soon as possible, thus playing a good leading role in reform and opening up.

In the afternoon, Liu Zhengwei and his party went to the workshops to extend regards to workers. He encouraged the workers and staff to work hard to raise economic efficiency, thus contributing to the factory's development and Guizhou's economic development.

### Economic & Agricultural

#### 'Roundup' Views Chang Jiang Valley Development

##### Valley's Opening To Start 'Revolution'

HK1507035792 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0556 GMT 13 Jul 92

[("Roundup" by reporter Liu Xiaoqing (0491 1420 7230): "It Is Imperative To Open Up the Chang Jiang Valley"]

[Text] Chongqing, 13 Jul (ZHONGGUO XINWEN SHE)—An economist described China's opening up to the outside world over the past decade as "boiling along the sea and lonely along the river." This description is a bit too biased, but it really reveals certain defects in China's opening up to the outside world.

The two most noticeable main components of China's economic geographical distribution are the coastal areas and the Chang Jiang Valley. The former is China's economic forefront and the latter is China's economic backbone. Imaginative economists have likened them to a bow and an arrow and the Chang Jiang to a keen arrow capable of being shot to the global economy.

Adapting to the general mood first and taking advantage of being in a favorable position, coastal areas have taken the first step. This is inevitable.

However, at a time when China's opening up is entering an in-depth stage, it is insufficient to merely open up coastal areas. Shanghai needs to open up; Nanjing, Wuhan, and Chongqing call for opening up; and China's vast hinterland has to develop vigorously.

The Chang Jiang, which extends to rivers and seas, is like an arrow on the bowstring, which may be shot at any moment.

Running through China's three big zones and covering a mass of rich areas in the three big economic zones in eastern, central, and western China, the Chang Jiang Valley is the main channel for China's westward economic development. With a suitable geographical location, superior waterway, and economic cohesiveness and influence exerted by cities along the river, the Chang Jiang Valley can merge northern and southern China's economic development into an integrated whole and also give a direct impetus to China's westward economic development. Its role as a center of contact and an axis of promotion cannot be replaced by coastal areas. It is imperative to thoroughly open up the Chang Jiang Valley, bring about China's westward economic development step by step, and open up the artery for China to march to the global economy.

But on the other hand, the development of the Chang Jiang Valley also calls for opening up, and it is an historic choice to let the Chang Jiang become China's economic dragon. China's richest resources are found in the Chang Jiang Valley: 25 percent of the water resources, 70 percent of the hydraulic potential, 80 percent of the natural gas reserves, 40 percent of the mineral resources, 25 percent of the farmland, and one-third of the timber reserves. In addition, China's vital industries and agriculture, its first-class human resources, 60 percent of Chinese cities, 42 percent of institutions of higher learning, and nearly 50 percent of scientific and technological personnel are distributed over the Chang Jiang Valley. As a matter of fact, it is not inappropriate to treat the Chang Jiang Valley as China's core economic area and mainstay. To assert that China must achieve greater economic development may be mere idle talk if the Chang Jiang Valley is not opened up.

Moreover, the opening up of coastal areas must draw on strong support from the hinterland. China is a country situated in the southeastern part of the world with a vast hinterland, in which key resources are concentrated. Over the past decade, China's coastal areas have achieved tremendous success in opening up, but the hinterland has made hardly any progress, thus causing a wide economic gap between coastal areas and the hinterland. Likewise, coastal areas have often been hard pressed in the process of opening up, just as when "a bowstring and a bow are ready but there is no arrow to shoot." An economist said: The opening up over the past decade is similar to a situation in which a bow is being bent but no arrow is placed and in which a beautiful lady is holding a pipa in her arms but hiding her face. Hence, opening up the Chang Jiang Valley is, in essence, linking up the hinterland with coastal areas in the process of opening up to the outside world in an accelerated manner.

At present, a new pattern of opening up, which treats Pudong as the forefront and the four big cities—

Shanghai, Nanjing, Wuhan, and Chongqing—as foci, is in the making. This will not only trigger off a revolution over the Chang Jiang, but also, most probably, a revolution in the Chinese economy.

### Localities Express 'Eagerness' for Reform

HK1507120292 *Hong Kong MING PAO* in Chinese  
5 Jul 92 p 25

[“Special article” by staff reporter Lin Tzu-chieh (2651 1311 2212): “Areas in Middle, Lower Reaches of Chang Jiang Rush Away To Launch Reform”]

[Text] “Hurry, hurry, hurry!” At the Meeting on Investment in the Middle and Lower Reaches of the Chang Jiang, which was concluded yesterday in Hong Kong, people expressed their eagerness for opening up the big doors, illustrating the “Deng whirlwind” effect on the vast mainland since his southern tour.

Participants described the Chang Jiang as a dragon. Apart from Shanghai’s Pudong, which is the “big brother and the dragon head” who has more say, Anhui boasts itself as the “neck of the dragon,” while other interior provinces such as Hubei, Hunan, and Jiangxi say they are the “body of the dragon,” and vigorously publicize their plans of opening up to the outside world. A foreign trade official in Hunan said correctly that in the past, because the pace of reform and opening up in his province was too slow, a large amount of funds and a large number of personnel flowed to the coastal areas, the “phoenixes” (talent) did not hesitate to “fly to the southeast” (Fujian and Guangdong), causing great losses to his province, therefore, they now have to rely on the “Deng whirlwind” to expedite development.

Yin Yimin, vice chairman of the economic commission of Jiangxi Province, said that “the general public wants to become rich and does not want to be poor all their life. They recognize that only reform and opening up can enable them to attain their goal.” The biggest breakthrough made by Deng Xiaoping’s southern tour is that it has removed the ideological obstacle to reform and opening up, and enabled the senior and lower levels to reach a consensus that reform and opening up is a road to affluence. Jiangxi was the first base from which Mao Zedong went out to conquer the country, and the above-mentioned consensus among the people in this place can be regarded as a big step forward.

However, the gap between the interior cities and coastal areas is large, and even though the interior practices the same preferential policies, and although it has labor and cheap land, it cannot immediately become popular places for foreign investors. Yin Yimin of Jiangxi Province said that the local people are anxious to open up but many township and town cadres do not know how to open up, and when they think achievement means that they can attract foreign funds but do not look at market demand, the result is losses to both sides. Therefore, the government is stepping up the training of cadres to handle foreign economic and trade affairs.

Another difficulty faced by interior provinces in attracting foreign capital is a shortage of funds. According to government regulations, a project to import foreign capital must have 55 percent of supporting funds in yuan, but the state still has a tight control over the scale of loans, therefore localities have a serious shortage of funds.

Some local officials think that they must import foreign capital to push the starting of another round of reform. According to Hu Guozhang, deputy secretary general of Wuhan CPC Committee, the city is attracting foreign capital to buy shares of state-run large and medium enterprises to reform the system. For example, early this year, the city’s dyeing and printing factory, which had lost money for a long time, sold a 51-percent share to a Hong Kong businessman, and changed the enterprise’s operation and management style, thus enabling the factory to recover.

The No. 4 Document issued by the CPC Central Committee decided to open up Wuhu, Jiujiang, Wuhan, Yueyang, and Chongqing, and this has undoubtedly given them the “imperial sword.” The officials of the interior cities along the Chang Jiang think that they should not wait for the radiating waves created by the reform and opening up of Pudong, which is the “dragon’s head,” but should take initiative to “echo” to Pudong.

It seems that these enthusiastic officials of interior cities do not worry that their hurry will cause a new round of overheating in the economy. They said Deng Xiaoping should have thought about this problem when he proposed expedited development.

### Progress of Development Areas Viewed

HK1507074892 *Beijing RENMIN RIBAO OVERSEAS EDITION* in Chinese 3 Jul 91 p 2

[“Open Coastal Regions Today” column by Lu Guoyuan (7120 0948 0337) and Zhang Weidi (1728 0251 1717): “Concerto Characterized by Development of Stretches of Land From Selected Points—Structure of Opening Up Is Rapidly Taking Shape in the Chang Jiang Delta”]

[Text] (XINHUA)—After years of construction, in the course of internationalization, the Chang Jiang Delta has gradually formed a complete pattern of opening up to the outside world, a pattern which has clear levels and prominent points. The spatial framework of this pattern is basically characterized by “poles,” “points,” “belts,” and “stretches,” and its structural levels include: Pudong Development Zone, which enjoys special economic zone [SEZ] policies, or policies even more preferential than those for SEZ’s; open coastal cities and coastal economic and technological development zones; the open economic belt along the Chang Jiang; and satellite industrial towns which are open to the outside world and numerous foreign-oriented villages.

**Pudong New District as the "Development Pole"**

As the "development pole" of economic development in the Chang Jiang Delta, and as the "dragon's head" of opening up to the outside world in the region, the development of Pudong will play a role in demonstrating the system for the whole Chang Jiang Delta, in absorbing foreign capital, in conducting entrepot trade, and in spreading technology and transmitting information. At present, in this area, which has leveled development land 11 times larger than the total area of the 14 coastal development zones in the whole country, various work has been thoroughly launched.

Experts think that the development of Pudong has become a common opportunity for economic development of the Chang Jiang Delta and even the Chang Jiang Valley, and that this area, which can produce the effect of strong radiating waves and has the function of disseminating and stimulating, is pulling and will further pull the opening up of the Chang Jiang Delta to a newer realm.

**Open Cities Gradually Become "Growth Points"**

In 1984, Shanghai, Ningbo, and Nantong in the Chang Jiang Delta were included by the state into the list of 14 coastal open cities. Thereafter, they established Hongqiao Economic and Technological Development Zone, Minhang Development Zone, Caohejing Development Zone, Ningbo Development Zone, and the Nantong Development Zone. As the second level of opening up to the outside world, these open cities and development zones have carried out construction for seven years, and have become the "growth points" in the foreign-oriented economy in the region and are stimulating economic development in the corresponding regions.

These development zones have different emphases in the absorption of foreign capital and overseas assets: The Hongqiao Development Zone mainly absorbs tertiary industry, Caohejing Development Zone and Nantong Development Zone mainly attract high- and new-tech industry, Minhang Development Zone mainly imports large projects from developed countries, and Ningbo Development Zone mainly uses foreign capital to build infrastructure. Up to now, all these development zones have entered the profit-reaping period, and achieved a benign cycle between input and output.

One point is worth mentioning: In 1986, the State Council officially approved the establishment of the Beilun Port Industrial Zone in Ningbo City. This zone enjoys the preferential policies for a coastal economic and technological development zone. This industrial zone, which has an area of 70 square km and a superior port, has used 4 billion yuan to improve the investment environment, and has gradually become one of the prominent strategic points of opening up in the whole country. Since last year, a number of extraordinarily large foreign-funded projects have entered Beilun Port Industrial Zone, enabling the development of this golden zone to attract the world's attention.

**Work Thoroughly Begins in the Economic Belt Along the Chang Jiang**

In 1990, Jiangsu Province, an economically advanced province, decided to build an economic development belt along the Chang Jiang. It planned to use foreign capital to build an open industrial chain along the river based mainly on the chemical industry, construction materials, energy, and the metallurgical industry. This economic belt joins Shanghai in the east and links with Nanjing in the west; it includes the seven cities of Suzhou, Wuxi, Changzhou, Nantong, Yangzhou, Zhenjiang, and Nanjing, which are on the river, as well as 38 counties (cities); and it has 55.6 percent of the population and 47.7 percent of the land in the province. According to the development plan formulated by Jiangsu Province, this area will base itself on the development of high- and new-tech industries in Suzhou, Wuxi, Changzhou, and Nantong, so as to enable the belt to become the first base of foreign-oriented economy and high-tech industry along the river, as well as a zone demonstrating opening up and development for the whole province.

According to information, work has thoroughly begun in this economic belt, which has the Chang Jiang as the axis, the seven cities on the river as the surface of the fan, the numerous towns on the river as the hinterland, and the Shanghai-Nanjing railway as support. Up to now, the economic belt along the Chang Jiang has a concentration of 90 percent of the foreign-funded enterprises in Jiangsu Province, and the total volume of purchase for export in this belt has accounted for 91.4 percent of the province's total. In various localities along the river, 100 high-tech projects have been built, with an annual output value of more than 10 billion yuan.

**Attractive Development Zones in Which Whole Stretches of Land Are Open for Development**

In the places with suitable conditions, various major cities in the Chang Jiang Delta have one after another allocated whole stretches of development land for absorption of foreign capital according to international customary practices, enabling the opening up of the region to develop to a profound level.

These places give appropriate preferential treatment in terms of policies and capital, and allow foreign businessmen to develop whole stretches of land. Some places are planning to establish export-processing zones, therefore they have attracted large numbers of big companies and overseas financial groups for talks on investment.

The Chang Jiang Delta has the highest degree of rural industrialization in China, as well as the most-developed township and town enterprises. Over 40 percent of its rural labor force has shifted to secondary and tertiary industries. Along with the continuous expansion of opening up, the vast rural areas have become the new popular places attracting foreign investors, thus forming another level of opening up to the outside world in the Chang Jiang Delta. The multifold and all-position

opening up strategy has enabled the Chang Jiang Delta's comprehensive superiority to rapidly achieve interaction with the international economy, thus establishing the area's status as a big stage for opening up China to the outside world in the 1990's.

### Restructuring Official Gives Briefing on Reform

OW1007190092 Beijing XINHUA Domestic Service  
in Chinese 1025 GMT 10 Jul 92

[By reporter Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 10 July (XINHUA)—At the Foreign Ministry news briefing today, Wang Shiyuan, secretary general and spokesman of the State Economic Restructuring Commission, briefed Chinese and foreign reporters on the progress made by China in reform and opening up in the first half of this year. He pointed out: During his inspection of southern China early this year, Deng Xiaoping made a series of important talks, indicating that China's reform and opening up have entered a new stage. The pace of reform is becoming faster, the opening to the outside world is becoming wider, and the situation is becoming better and better.

Wang Shiyuan said: First, people have made important changes in their thinking and further emancipated their minds, and they are displaying a great deal of zeal in bold exploration and practice. Deng Xiaoping's important talks have clarified people's confusion over a series of theoretical and practical questions concerning reform and opening up, and removed some ideological constraints. For instance, the talks have clarified the questions of how to distinguish between capitalism and socialism and of how to guard against rightism and mainly prevent "leftism." In particular, Deng Xiaoping has thoroughly expounded the relationship between planning and market forces and further pointed out clearly the objectives and orientation of China's economic restructuring, as well as the fact that market forces will play a greater and greater role in China's economic operation. I believe that in the course of reform over the last 13 years, people have thoroughly understood a fact—it is a natural continuation and development to propose a socialist market economy on the basis of a socialist planned commodity economy.

On the actual progress of reform, Wang Shiyuan said: While the whole country is stressing the major task of reform, the pace of changing the operating mechanism of state-owned enterprises and subjecting them to market forces is being accelerated. In doing so, the fundamental measures adopted by China are implementing the "Enterprise Law," formulating the "Regulations for Changing Operating Mechanisms in State-Owned Industrial Enterprises," letting enterprises make production and operation decisions, and reiterating the objectives of reform of state-owned enterprises—operating independently and taking sole responsibility for their profits and losses. The "Regulations" will be promulgated soon.

Meanwhile, all localities and departments have formulated some concrete measures. About 40,000 enterprises have changed their operating mechanisms through various measures. Initial success has been achieved in a pilot project designed to subject some selected enterprises to market forces. Another reform measure is guiding the experiment on joint-stock enterprises to sound progress. Since Deng Xiaoping's talks made during his inspection tour of southern China, various localities have shown great enthusiasm for practicing the joint-stock system. There were about 3,000 joint-stock enterprises at the beginning of the year, and now the number is much greater. Because some pilot projects lack relevant rules and regulations, our main task in the first half of the year was to formulate a complete set of laws and regulations for the experimental joint-stock system. Some of these are being promulgated successively. Many localities have put forward concrete measures to further improve the contracted managerial responsibility system being practiced by most enterprises. Some localities have started experimenting with contracting to operate state-owned property and contracting for fixed investment and output quotas, so as to invigorate large and medium-sized state-owned enterprises and enterprise groups. In the first half of this year, more enterprise mergers have been made and the mergers have become more diversified, so as to promote rational flow and optimum organization of production factors.

On the important steps to reform the pricing system and develop the market system, Wang Shiyuan said: The most important measures are those to readjust equalize the buying and selling prices of grain. Grain prices in 228 counties of 13 provinces have been completely decontrolled. Since more provinces and cities decontrolled the retail prices of commodities, the ratio of market regulation has exceeded two-thirds. A number of trans-regional wholesale markets for agricultural and industrial products have been built. We have also begun to set up modern commodity trade centers, such as the Shanghai Metal Trade Center. Many famous small commodity markets spontaneously developed in many localities have become even more prosperous. Foreign capital has begun to enter our retail commerce, since China's first joint-stock commercial company involving both Chinese and foreign investment was set up in Shanghai. The real estate market is quite brisk.

Wang Shiyuan said that there has been progress in reform of the overall management system. Central, provincial, and city authorities have reduced the amount of guidance plans, enforced the two-year "rolling" plan, and given local authorities and enterprises more power to decide on their own investments. In financial management, the dual budget system has been instituted, and experiments with revenue-sharing schemes have been conducted in nine provinces and cities. The development of the monetary market, especially the capital market, maintained good momentum, because foreign-funded banks and Chinese-foreign joint venture banking

establishments have been allowed to be established in China. For example, 12 foreign bank branches and two joint venture financial companies have been established in Shanghai.

Wang Shiyuan believed that the deepening of enterprise reform had been well coordinated with the all-around reform of the housing system and the effort to accelerate the establishment of the social insurance system. Both central and local authorities have attached special importance to tertiary industry. Accordingly, they have formulated some specific measures for its development.

On opening to the outside world, Wang Shiyuan said that remarkable progress has been in this respect. Since the beginning of this year, there has been a new move with regard to the opening up of the coastal areas, border areas, and areas along rivers to the outside world. The opening up of 13 cities in coastal areas, 28 cities along rivers, and eight prefectures to the outside world has been approved. Some provincial capitals have been given more power in utilizing foreign investments. Various localities have established more than 100 development zones on their own. Investments in China by foreign businessmen have continued to increase. In the first five months of this year, 8,926 investment projects were approved, with the promised investment amounting to more than \$10.4 billion and the actual amount of investment reaching \$2.5 billion. The volume of foreign trade rose quickly. In the first six months of this year, the total import and export volume amounted to \$68 billion, an increase of 20.2 percent. Exports increased by 17.3 percent; imports rose 23.4 percent. Imports exceeded exports by 6.1 percentage points.

Wang Shiyuan said that as a whole, China's reform, opening to the outside world, and economic development have continued to advance well since Deng Xiaoping made important speeches during his inspection tour of southern China. Economic growth has been normal, reform has deepened, and opening to the outside world has further expanded. Nevertheless, some problems with regard to reform still remain, and our tasks remain arduous. Some of the outstanding major problems are: adopting an effective reform measure to promote the adjustment of enterprises' organization and structure and to enhance the economic performance of enterprises, particularly state-owned large and medium-sized enterprises; transformation of the operating mechanism of enterprises requires a corresponding change of government's functions in managing the economy and a matching reform of the macroeconomic management system. At present, there has been some stagnation in these areas; some reforms, such as experiments with the shareholding system in enterprises and with stock markets, have gone too far despite the lack of sufficient norms, laws, and regulations.

In view of the new progress and existing problems with regard to reform, Wang Shiyuan pointed out that in the second half of this year, we will concentrate on the following areas: 1) Vigorously publicize and implement

the "Regulations for Changing Operating Mechanisms in State-Owned Industrial Enterprises" and strive to achieve good results in steering enterprises toward market competition and in raising their economic performance; 2) continue to reform prices, especially the prices of energy and of raw and semisubfinished materials, cultivate wholesale for farm produce and markets for the means of production, especially financial capital markets; 3) quicken the transformation of government functions and strive to push forward the reform of government organs; and 4) successfully carry out the reform of the social insurance system and the housing system by giving priority to reform of the insurance system for the unemployed.

In his answers to questions raised by Chinese and foreign reporters, Wang Shiyuan said that the deepening of reform will further involve the questions of microeconomy, market growth, and macroeconomic management. Reforms in these areas should proceed in a coordinated manner. Only thus can we achieve the best results. At present, the transformation of the functions of government departments should be an urgent item on the agenda. He believed that the emancipation of the mind is very important to advancing reform and opening to the outside world. Reform is a constantly developing process, through which we should try to understand and recognize new problems. In the past, the planned economy was embodied by the government. Therefore, a process is required wherein the government should change its concepts and its work method of being familiar with a planned economy to a work method of being familiar with a market economy.

#### Jan-Jun Economic Development Viewed 'Sound'

HK1507081692 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0831 GMT 12 Jul 92

[Text] 12 Jul (ZHONGGUO TONGXUN SHE)—With the expansion of China's opening up, the influx of large amounts of foreign capital has given rise to such tendencies as "property rush," "B share rush," and "retail business rush." Moreover, some foreign capital has been injected into transportation, communications, the construction of roads, bridges, and piers, and the transformation of old enterprises. Consequently, a pattern of omnidimensional utilization of foreign capital has taken shape in the mainland. In the meantime, however, many people are also worried about China's economy as it is showing signs of overheating and the hidden danger, manifested by serious losses suffered by state enterprises and blind purchasing of shares by speculators regardless of risks, still exists.

As a whole, China's economic development has been sound this year. The relevant statistics show that the GNP in the first half of 1991 reached 820.7 billion yuan, up 6.1 percent over the previous year. As forecast by the Asian Development Bank, China's economy will grow by 8 percent this year and the GNP in the first half of this year will reach 840 billion yuan. The performance of

some industries is quite outstanding. For instance, China's oil output will reach 68.75 million metric tons, exceeding the figure recorded last year.

In imports and exports, the total combined volume for the first half of this year reached \$68.67 billion, up 22 percent over last year. Exports volume was \$35.61 billion and that for imports, \$33.06 billion.

The assimilation of foreign capital was even more prominent in the first half of this year. In many localities, such as Yantai, Qingdao, Fuzhou, and Shenyang, the amount of foreign capital absorbed equalled the total absorbed in the past 13 years. Especially in real estate investment, the most enthusiastic parties in the mainland were holders of foreign capital. According to the latest issue of Hong Kong's Lau Siu Kuen Property Surveyor's monthly magazine, the land area to date occupied by the property developed by Hong Kong businessmen in the mainland totals 33.945 million square feet. In May alone, the investment made by Hong Kong businessmen in mainland property reached 8.4 billion Hong Kong dollars.

In the meantime, foreign businessmen have been taking an active part in the transformation of old enterprises. Most outstanding among them are such listed companies as China Strategic Investment, Chia Tai International, Golden Resource Development, and Sun Hung Kai. China Strategic Investment alone has invested 1 billion yuan in the transformation of 41 old state enterprises in Quanzhou.

The stock market in China, which has attracted much attention from home and abroad, is maturing. Up till now, over 80 joint-stock enterprises have publicly issued shares to society at large, worth a total of 5.81 billion yuan. In order to solve the problem with supply and demand, the concerned authorities have decided to increase the issuance of shares. In Shanghai alone, 12 issues of B shares will take place before the end of this year.

Judged by the track that China's economic development is following at present, there are still some worrying elements. As a manifestation in large and medium state enterprises, the state of management and operation has yet to be thoroughly improved, as the proportion of those operating at a loss to the total number of such enterprises is 37.1 percent and the volume of losses remains on the rise. Just by the end of March, according to statistics, the funds held up in unfinished products registered over 120 billion yuan and debts owed by state enterprises rose to 14.3 billion yuan. By April, the volume of commodity stockpiling as shown by statistics had reached 133 billion yuan, representing a new record high.

In state finance, the state financial deficit in 1991 was 20 billion yuan. Personalities in this particular area predict that this figure will probably be exceeded this year. The domestic and external debts raised by the state have

increased dramatically. Up till now, China's domestic debts have reached 86.5 billion yuan and its external debts \$52.5 billion.

#### Growing Role Predicted for Non-State Sector

OW1507050192 Beijing XINHUA in English 0332 GMT 15 Jul 92

[Text] Beijing, July 15 (XINHUA)—China's state, collective and private sectors are expected to play roughly equal parts in the national economy by the turn of the century, according to a report released by the National Information Center.

The Beijing-based center, managed jointly by the State Statistics Bureau and the State Planning Commission, also predicted that China's private sector will "take-off" again within the next few years, while the state-owned sector will continue to shrink.

By the year of 2000, the country's state-owned and private sectors will each contribute about a quarter of the national economic output, while the collective sector is expected to turn out the remaining half, according to the report.

In retail sales, the collective sector is also expected to take the lead, followed by the state-owned and private sectors during the years running up to 2000, the report predicted.

Experts from the center said their forecast was based on the fact that state-owned companies have been losing ground to foreign-funded firms and rural township enterprises in both output and sales, and particularly, that more than a third of state firms are running in the red, while even more are facing various problems.

Moreover, the ongoing drive to introduce the shareholding system to more state-owned enterprises is also expected to turn over part of the state-owned sector to collective or private sectors.

#### Economists in Seminar Push for Market Economy

HK1507112192 Beijing ZHONGGUO XINWEN SHE in Chinese 0828 GMT 6 Jul 92

[By reporters Xu Hong (1776 3126) and Tian Huiming (3944 1920 2494): "It Is Time!"—Notes on Seminar on New Structure of Socialist Market Economy"]

[Text] Beijing, 6 Jul (ZHONGGUO XINWEN SHE)—China's well known economist Tong Dalin recently gave his new ideas on establishing a "modern market economy."

Yu Guangyuan believed that the new structure of the Chinese economy is, in fact, a socialist market economy, which will put an end to the coexistence of the market economy and the planned economy in China, which has lasted dozens of years.

Wu Jinglian said to make the market economy a major target of China's reform is an epoch-making event.

But, Wu Mingyu warned that the economic theoretical circles should make greater efforts to remove obstacles for reform, especially to eliminate the "leftist" influence.

Some days ago, a "seminar on the new structure of socialist market economy," sponsored by the Institute of World Observation, was held in Beijing. More than 30 well-known economic theorists, including Du Runsheng, Dong Furen, Wu Xiang, Qin Chuan, Sun Changjiang, and Lin Zili, gathered to speak their minds freely. The atmosphere was really lively.

At the seminar, Tong Dalin said emotionally: "It is time now!" It is necessary to accelerate the pace of reform and stride forward toward the modern market economy. He held that the concept of "market economy" should be affirmed in theoretical research and by newspapers, magazines, and other propaganda media.

He said: The "modern market economy" should have four major characteristics: Quick access to information, a sound financial system, high intellectualization, and capacity to do global businesses. He held that it is necessary to separate from the centralized planned economy of the central authorities as soon as possible and gradually develop toward the modern market economy, which is geared to the large market of the world.

Wu Jinglian said: Over the past 10 or more years, the debate over planning and market in the theoretical circles has never ceased. We have stressed "integration of the planned economy with market regulation," "giving priority to the planned economy while making market regulation subsidiary," and "the socialist planned commodity economy" at different times, but never dared to mention the four characters meaning "market economy." As a result of paying excessive attention to wording, reform was brought to a standstill and economic slide appeared many times, for which we have paid very high costs.

Yu Guangyuan took out a newspaper published at the end of 1990, which carried an article by a certain theorist, saying: "Market economy means to abolish public ownership. In other words, it means to negate the leadership of the Communist Party, negate the socialist system, and practice capitalism."

From this we can see that if we do not thoroughly eliminate "leftist" influence, a new structure of the socialist market economy cannot be established.

The participating economists said: Now we should no longer evade the use of the four characters meaning "market economy," nor should we be afraid of being criticized for "taking the capitalist road." Just as was appealed loudly by Tong Dalin: "It is time now!"

### Daily Calls Market Economy 'Imperative'

OW1507074492 Beijing XINHUA in English  
0653 GMT 15 Jul 92

[Text] Beijing, July 15 (XINHUA)—China should continue to build and improve a market economy as a major aspect of deepening reform and opening wider to the outside world, according to a recent article in the "ECONOMIC DAILY" [JINGJI RIBAO].

The article pointed out that building a market economy based on public ownership has become imperative in China under the present conditions and during a period when the country has been accelerating the pace of reform and opening to the outside world.

According to the article, the country has passed through different stages of experimentation with the market system over the past decade and has gradually adopted the concept of a market economy. The government has adopted guidelines for a national economy which combines aspects of both a planned and market economy.

Speaking in south China earlier this year, Deng Xiaoping pointed out that planned and market economies are both simply economic tools, and the proportion of each in a national economy cannot be considered as the essential difference between socialism and capitalism.

A planned market economy provides that the country will establish markets for all products and necessary elements of production, while at the same time regulating the market by way of economic levers, legal methods and other administrative measures.

In a planned market economy based on public ownership, the major function of government planning is to regulate the price level and growth rate of the national economy by controlling the supply of currency and the fiscal balance. In addition, the government must direct the distribution of the productive forces between different regions and sectors by adjusting industrial policies and major investment projects. For example, the government must concentrate funding, labor force and materials to harness major rivers, and construct large nuclear power stations and other major scientific research projects.

In addition, the government must draft and carry out market planning in order to maintain the normal order in the market. The government must also levy income and regulatory taxes to limit the gaps in income between both enterprises and individuals. The government should also monopolize certain industrial sectors in order to guide and guarantee the healthy development of the national economy.

At the same time, the country must adopt market regulation of micro economic activities without government interference.

The article stressed that a market economy is a necessary stage in the development of a socialist economy. It went

on to say that a market economy is beneficial to the promotion of a reasonable distribution of resources, as well as enhancing enterprise performance and the enthusiasm of workers, in addition to maintaining a balance in the economic development of different sectors and helping to develop international exchanges.

According to the article, the country has made daring changes to a rigid and highly centralized planned economic system over the past decade, and has invigorated the economy by introducing a market system. As a result, the national strength has been enhanced and the living standard of the people has been raised. These major factors have enabled China to maintain economic and political stability and fast growth in spite of the rapidly changing international situation.

Over the past few years, China has instituted wide-ranging reforms to the planning, price, fiscal, financial, foreign trade and enterprise management systems. At the same time, market regulation has involved a large portion of the national economy, and has even become predominant in some sectors.

Industrial products controlled by central government planning were reduced from 123 in 1984 to only 50 in 1988. The varieties of industrial products controlled by departments and ministries under the state council were slashed from 1,900 to only 380 during the same period.

Additionally, the proportion of state planned production of raw materials and industrial products has been greatly reduced. For example, the proportion of coal distributed according to government planning decreased from 57.9 percent to 42.7 percent; the proportion of rolled steel dropped dramatically from 76.9 percent to 49.2 percent; the proportion of nonferrous metal fell from 66.6 percent to 36.3 percent; and, the proportion of timber dropped from 36.96 percent to 12.6 percent.

At present, the government allocates purchase contracts for only 60 billion kilograms of grain annually, compared to the average annual output of 100 billion kilograms of commodity grain. In addition, major cities, including Wuhan, Guangzhou and Xian, purchase only 30 percent of needed vegetables through government contracts, with the remaining portion of agricultural products being subject to market regulation.

The country has also adopted flexible government guidelines or market regulation on prices for 75 percent of all commodities and labor services while, at the same time, maintaining strict price controls on only 25 percent of all commodities and labor services.

Meanwhile, the free-floating foreign exchange market has registered a total turnover of over 13.16 billion U.S. dollars annually in recent years, accounting for one-third of the country's total foreign exchange handling volume.

The employment of 6.71 million private businessmen and 1.64 million workers in non-government enterprises in urban areas is subject to market regulation, as is

employment for 420.1 million laborers in the rural labor market. In addition, the employment of over 21.35 million floating laborers working in urban areas relies solely on market regulation.

The article pointed out that the success of the country's rural reform can be attributed to the elimination of government controls over the circulation of commodities and agricultural management. The rapid growth of rural enterprises into one of the country's major economic pillars has resulted from the establishment of free markets for raw materials, products, funds, labor, technology and information.

The country's special economic zones have successfully taken advantage of the benefits of a market system.

However, the article pointed out that major economic problems remaining in China are for the most part related to the previously used extremely centralized planning system.

According to the article, traditional forms of public ownership should be reformed in order to combine a planned and market economy. It stressed that reforms related to public ownership will not diminish the predominance of public ownership. For example, the development of the rural contract responsibility system, rural enterprises and share-holding enterprises has, in fact, consolidated and reinforced public ownership. However, the country has yet to explore new forms of public ownership compatible with a market economy with Chinese characteristics.

In order to avoid the blind growth of a market economy, as has happened in some capitalist countries, China will strengthen governmental macro-control and planning of the economy. China will use various economic levers to reduce blind growth and limit the passive effects of a market economy. In this way, the anarchism and periodical disturbances of a market economy which occur under private ownership can be avoided. The article stressed that any disruptions in the country's economic activities during the past few years were due to the fact that it has not yet developed a complicated market system. Such problems will disappear if the country establishes a market system, according to the article.

A market economy will make it possible for innovative and capable individuals to earn more, and there will most likely be a wide gap between individual incomes. However, the difference is tolerable because it conforms to the socialist principle of "payment according to work." The government will, however, regulate the individual income through taxation.

The article pointed out that the establishment of a market economy does not necessarily lead to inflation. At present, since the country has more money in circulation than is needed, the government will institute strict controls on the volume of currency in order to eliminate the necessity for price controls. The government will also

adopt a number of other measures to prevent inflation and ensure the standard of living will not be reduced.

At the same time, the government will enhance the development of welfare and social insurance systems, including the employment, wage, medical care and housing systems.

### **Interim Wages Regulations for Shareholding Firms**

*OW1307024092 Beijing XINHUA Domestic Service  
in Chinese 2111 GMT 11 Jul 92*

[Interim regulations governing labor and wages in enterprises experimenting with share-holding systems issued by the Ministry of Labor and the State Commission for Restructuring the Economy on 1 June 1992]

[Text] Beijing, 12 July (XINHUA)—In accordance with the requirements of the "Measures for Experimenting With Share-Holding Systems in Enterprises," the following regulations are hereby formulated regarding labor and wages in enterprises experimenting with the shareholding system:

1. Shareholding enterprises shall be given guidance on their labor and wage plans. Under the overall guidance and control of the state, enterprises may work out their own plans for employing people and distributing wages in light of reality and report them to the Ministry of Labor for the record.

2. A shareholding enterprise may decide its own annual gross payroll, on the condition that the increase of the total payroll is smaller than that of the enterprise's economic efficiency, and the increase of the average actual income of workers is smaller than that of the enterprise's labor productivity; a shareholding enterprise shall propose the base figure of its total payroll and submit it to the Ministry of Labor for approval. The implementation of a shareholding enterprise's gross payroll should be examined by the Ministry of Labor and other relevant authorities.

3. Shareholding enterprises may decide their own organizational set-ups, as well as the conditions, methods, number, and times for recruiting employees according to state policies and laws.

4. Shareholding enterprises have the right to decide the form of employment—they may adopt contract management or an all-personnel contract system. Enterprises and workers may sign contracts with or without a fixed term or labor contracts for individual projects. Enterprises and workers enjoy rights and undertake responsibilities as stipulated in labor contracts.

5. Labor disputes within shareholding enterprises should be handled according to the state regulations pertaining to labor disputes.

6. Shareholding enterprises may, on the basis of their economic efficiency and operational features, adopt

diversified and flexible forms for internal distribution and decide wages for different categories of workers and staff in a rational manner.

7. Board directors and supervisors representing the share of state-owned assets and serving concurrently in shareholding enterprises shall have their wages, fringe benefits, and other remuneration paid by the original dispatching units; they should not obtain share profits from enterprises.

8. Shareholding enterprises should, according to relevant central and local government regulations, take part in raising funds for social security under the overall planning of the locality where the enterprise is located; they should incrementally introduce a system under which each worker is required to pay an old-age insurance premium. Specific measures for unemployment insurance for workers and staff of shareholding enterprises shall be worked out by all provincial, autonomous regional, and municipal people's governments using as reference the guidelines of unemployment insurance for workers and staff of state-owned enterprises.

9. The Ministry of Labor is responsible for interpreting these interim regulations.

The Ministry of Labor and the State Commission for Restructuring the Economy.

[Dated] 1 June 1992

### **Trial Measures for Registering State-Owned Assets**

*OW1407082192 Beijing XINHUA Domestic Service  
in Chinese 0120 GMT 3 Jul 92*

[“Trial Measures for the Registration and Administration of Property Rights of State-Owned Assets” issued by the State Administrative Bureau of State-Owned Assets, the Ministry of Finance, and the State Industry and Commerce Administration on 11 May 1992]

[Text] Article 1. To implement the principle of properly separating ownership from managerial rights, to guarantee the state's ownership over state-owned assets, to ensure the implementation of managerial rights and responsibilities of enterprises and units occupying and using state-owned assets, to increase the operational benefits of state-owned assets, and to consolidate and develop the state-owned economy, these measures have been formulated in accordance with the requirements of the "State Council Circular Concerning the Strengthening of Administration of State-Owned Assets."

Article 2. All enterprises as well as institutions and units which are managed like enterprises and which occupy and use state-owned assets (hereafter called enterprises and units, in general) should apply for and complete a registration of property rights at the administrative departments in charge of state-owned assets according to the provisions of these measures.

**Article 3. The registration of property rights of state-owned assets is a legal measure overseen by the administrative departments in charge of state-owned assets on behalf of the state in order to register state-owned assets and confirm, according to law, their ownership by the state, as well as the right of enterprises and units to occupy and use state-owned assets.**

The "Certificate Authorizing the Occupation of State-Owned Assets" is the legal proof for enterprises and units to occupy, use, and dispose of, according to law, state-owned assets within the authorized scope of management and operation.

**Article 4. The State Administrative Bureau of State-Owned Assets and local administrative departments in charge of state-owned assets at various levels are the competent authorities for registering property rights.**

Administrative departments in charge of state-owned assets at different levels are in charge of the registration of property rights of state-owned assets by enterprises and units at corresponding levels.

The State Administrative Bureau of State-Owned Assets may commission the relevant authorities to handle the registration of property rights of a very small number of special categories of state-owned assets.

In localities where an administrative department in charge of state-owned assets does not exist, the registration of property rights shall temporarily be handled by the Ministry of Finance.

**Article 5. When registering property rights, enterprises and units should fill out the "Registration Form of Property Rights of State-Owned Assets" strictly in accordance with facts and complete the form within the given time limit; the form should be signed by a legal representative. A "Registration Form of Property Rights of State-Owned Assets" examined and validated by the administrative department in charge of state-owned assets shall be the basis for approving the issuance of the "Certificate Authorizing the Occupation of State-Owned Assets"; this document is also legal proof of enterprises' and units' economic responsibilities toward the state in occupying and using state-owned assets, as well as legal proof of the state's ownership over state-owned assets occupied and used by enterprises and units.**

**Article 6. Administrative departments in charge of state-owned assets at all levels should periodically report the condition in registering property rights of state-owned assets by enterprises and units at the corresponding level to the administrative departments in charge of state-owned assets at the next higher level; a copy of this report should be submitted to the financial departments at the corresponding level.**

**Article 7. The State Administrative Bureau of State-Owned Assets is responsible for drawing up a standard "Registration Form of Property Rights of State-Owned Assets" and a standard "Certificate Authorizing the**

**Occupation of State-Owned Assets."** Three completed copies of the "Registration Form of Property Right of State-Owned Assets" are required: One is to be kept by the administrative department of state-owned assets, another by the enterprise or unit, and the last to be used as certification when an enterprise or unit applies for enterprise registration at the relevant industry and commerce administration. In line with the Ministry of Finance's "Circular on Commissioning the Administrative Departments of State-Owned Assets To Handle the Certificate of Capital Credit," the application for a certificate of capital credit, which originally should be handled by financial or other authorized departments, is to be turned over to the administrative departments in charge of state-owned assets. Hereafter, a "Registration Form of Property Rights of State-Owned Assets" examined and validated by the administrative department in charge of state-owned assets will be used by enterprises and units as a certificate of capital credit for occupying and using state-owned assets.

**Article 8. When applying for a registration of property rights, enterprises and units occupying and using state-owned assets should submit relevant documents, certificates, and reports with statistics as required.**

**Article 9. An annual inspection system shall be applied to the registration of property rights of state-owned assets. In conjunction with changes in final accounts, enterprises and units should submit a completed "Registration Chart of Property Rights of State-Owned Assets" annually and shall be inspected by the administrative departments of state-owned assets during a given period of time.**

**Article 10. The registration of property rights of state-owned assets is divided into following categories: initial registration of property rights, change in registration of property rights, and cancellation of registration of property rights.**

When an enterprise or unit is found to have provided information inconsistent with facts in its application for registration, the administrative department in charge of state-owned assets has the right to demand that the enterprise or unit correct the information, as well as the right to postpone or reject the application for registration.

**Article 11. The registration of property rights of state-owned assets include the following main items:**

- 1) unit title;
- 2) address;
- 3) responsible individual;
- 4) economic nature;
- 5) authorities in charge;
- 6) total volume of assets;

7) total volume of state-owned capital;

8) and total volume of state-owned assets.

**Article 12.** When providing enterprises and units with state-owned assets, it is necessary to first apply for the initial registration of property rights with the administrative departments in charge of state-owned assets, and then for the enterprise to register with the relevant industry and commerce administration within 30 days after obtaining approval from the reviewing and approving authorities.

**Article 13.** When changing the title, address, or responsible individual of an enterprise or unit, after the change has been approved by and registered with the relevant industry and commerce administration, it is necessary to report the change, for the record, to the administrative departments in charge of state-owned assets. Enterprises and units changing their titles should receive a new "Certificate Authorizing the Occupation of State-Owned Assets." When a change occurs in the economic nature of an enterprise or unit, or when a change occurs in the authorities in charge of an enterprise or unit, or when its total volume of state-owned assets exceeds a specified amount, the enterprise or unit should first file a change in registration of property rights with the administrative department in charge of state-owned assets, and then it should apply for the appropriate registration for change and complete procedures for recording the change with the relevant industry and commerce administration.

**Article 14.** In the case of separation, amalgamation, relocation, or the shutdown of an enterprise and unit, it is necessary to report to the administrative department in charge of state-owned assets for a change in registration or a cancellation of registration of property rights within 30 days after obtaining approval from the competent authorities or the reviewing and approving organs. In such cases, when the relevant industry and commerce administration decides to cancel the registration of an enterprise or unit because of mismanagement, it is necessary to submit a cancellation of registration of property rights after the industry and commerce administration has revoked the registration. When an enterprise or unit is shut down or is ordered to suspend operations, amalgamate with other enterprises, or switch to manufacturing other products because of serious corrosion of the rights and interests of state-owned assets, or because of the implementation of relevant state regulations, it is necessary to file a change in registration or a cancellation of registration with the industry and commerce administration after filing the change in registration of property rights with the administrative department in charge of state-owned assets. When applying for a change in or a cancellation of a registration of property rights, an enterprise or unit should conduct an inventory of state-owned assets, assess their value, and register them in an account book to be turned over to the relevant departments according to government regulations.

**Article 15.** Administrative departments in charge of state-owned assets at various levels should properly take care of the "Registration Book of Property Rights of State-Owned Assets" and set up registration files of property rights in order to familiarize themselves with the existing volume of and changes in state-owned assets under their jurisdiction.

**Article 16.** The relevant industry and commerce administrations shall reject applications for registration by enterprises and units that fail to complete the registration of property rights according to these measures. The administrative departments in charge of state-owned assets have the right to penalize enterprises and units and discipline their responsible individuals according to the "State Council Interim Regulations on Penalties for Violations of Financial Laws and Statutes."

**Article 17.** When applying for a registration of property rights, enterprises and units should pay a registration fee for property rights and a certificate fee according to relevant government regulations.

**Article 18.** Measures for the registration and administration of property rights of state-owned property outside the territory, as well as state-owned natural resources, such as land, forests, and mineral resources, shall be worked out by the State Administrative Bureau of State-Owned Natural Resources together with the relevant departments.

**Article 19.** Measures for the registration and administration of property rights of state-owned assets under the jurisdiction of the Army and Armed Police departments shall be worked out by the General Logistics Department of the Chinese People's Liberation Army and the Logistics Department of the Chinese People's Armed Police Force, using these measures as reference, and such measures shall be submitted to the State Administrative Bureau of State-Owned Assets for the record.

**Article 20.** The State Administrative Bureau of State-Owned Assets is responsible for interpreting these measures.

**Article 21.** These measures go into force upon promulgation. Previous regulations pertaining to the registration of property rights of state-owned assets shall invariably become invalid when they contravene these measures.

[Signed] The State Administrative Bureau of State-Owned Assets, the Ministry of Finance, and the State Industry and Commerce Administration

[Dated] 11 May 1992

#### State Council Circular Urges Creation of Jobs

HK1407004892 Beijing CHINA DAILY in English  
14 Jul 92 p 1

[By staff reporter Li Hong: "Job Base Must Grow Faster To Meet Needs"]

[Text] China's efforts to press ahead with employment reforms have resulted in increasing numbers of jobless people, but officials say they are stepping up measures to deal with the problem.

A State Council circular was issued to all labour departments across the country yesterday, urging them to take all possible measures to expand the number of jobs.

Labour Minister Ruan Chongwu told the departments that the government plans to keep urban unemployment below 3.5 percent—equivalent to a national total of 5 million jobless people, a ministry source said.

The employment issue will be one of the most difficult problems China faces for some time, Ruan said.

The government's dynamic initiative of breaking the "iron rice bowl" of guaranteed jobs and benefits will, nevertheless, be carried through—regardless of the jobless problems in the cities, he said.

"The reform policy is irrevocable," Ruan stressed.

Measures listed in the State Council circular include:

- Setting up a responsibility system for local governments requiring them to hold the unemployment rate below 3.5 percent.
- Encouraging development of non-government businesses, especially the collective and privately-run firms.
- Expanding the sales and service industry.
- Establishing regular training programmes for new job-seekers.
- Strictly controlling rural people moving to the cities in search of jobs.

However, labour experts said that it will take extreme efforts to hold to the 3.5 percent limit in the jobless rate over the coming years, as China now has an unprecedented surge of urban job-seekers and an unavoidable squeeze in the current jobs.

As it entered the 1990s, China has had a renewed peak in the number of job-seekers, brought about by the second baby boom in the 1970s. To make matters worse, jobless farmers have initiated the job-hunting movement towards the cities.

Ruan warned that, during the 1991-95 period, 36 million urban youth—up to 7 million every year—will be looking for jobs. Another 100 million farmers will be freed from the land, either because of the wide application of agriculture technology or loss of land to urban expansion.

State-owned businesses have about 10 million "hidden" jobless people, he said. As labour reform gives employers complete control over hiring and firing workers, that number of workers are expected to be squeezed out.

Ever since China began to build up socialism, the government practised a "zero unemployment" policy. But the guaranteed jobs and benefits eliminated motivation for workers and production efficiency flattened.

More and more workers are being laid off, according to Zhang Xiaojian, deputy director of the ministry's labour employment department.

Roughly 50,000 people in 10 provinces and municipalities—including Guangdong, Jilin and Henan—have been laid off during the first three months this year by State-owned enterprises, equal to the total for the past three years.

The number of urban jobless in China has climbed to about 4 million, from 3.52 million at the end of last year, he said. China has an urban workforce of about 140 million.

#### Balance of Payments Show \$13 Billion Surplus

HK1507025792 Beijing CHINA DAILY in English  
15 Jul 92 p 1

[By staff reporters Xie Songxin, Ren Kan: "Balance of Payments Reason for Optimism"]

[Text] China's international balance of payments is improving, putting China's ambitions to increase imports and better service its foreign debts in a more favourable light.

The State Administration of Exchange Control announced yesterday that the country achieved a \$13.3 billion surplus in its current account on balance of payments last year.

A country's balance of payments is a vital measure of its economic health. It records the country's transactions in goods, services, and currency with the rest of the world.

China usually publishes its previous year's balance of payments each July or August.

According to the latest customs report, China's foreign trade netted a \$2.55 billion surplus in the first half of this year.

Analysts said improving the international balance of payments will increase the country's ability to expand imports in the coming years and heighten the country's position for paying off foreign debts exceeding \$52.6 billion.

Chinese Government officials have promised several times to increase imports to meet the rising domestic demand for technology and consumer goods.

The country plans to import \$300 billion worth of technology, equipment and materials in the coming five years.

In past years, China's overseas purchasing ability had been restricted by its limited foreign exchange reserve.

Western countries' sanctions and the austerity programme, which reduced domestic demand.

China's foreign exchange reserve increased by 14.1 billion last year to reach \$42.66 billion, according to figures supplied by the Administration of Exchange Control.

Of the total reserve, \$21.7 billion represents State reserves and the remaining \$20.95 billion is in bank deposits.

With the end of the austerity programme, China's economy is growing rapidly along with demand for imports.

Last year's import growth was 18.5 percent. In this year's first half, China bought \$33.06 billion worth of foreign commodities, an increase of 23.4 percent over the same period of last year. Exports in the first six months of 1992 increased by 17.3 percent to \$35.61 billion.

The State's foreign currency holdings have expanded in recent years, mainly because of the marked growth of exports and the control on demand for foreign exchange during the austerity programme of the past three years.

The central government has decided to give priority to agriculture and large and medium-sized State industrial enterprises in the use of its hard-currency reserve.

The State Administration of Exchange Control will earmark some of the reserves for upgrading technology in key enterprises.

#### Banks Going Overseas, Foreign Banks Entering

HK1407043592 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0834 GMT 12 Jul 92

[“Special article” by Shen Jinle (3088 6651 2867)]

[Text] [no place-name as received] 12 Jul (ZHONGGUO TONGXUN SHE)—The talks Deng Xiaoping made during his southern China trip set off a fresh upsurge of reform and opening up in the Chinese mainland. While the mainland is opening up in all dimensions and strengthening the development of tertiary industry, China's financial structural reform is also making a new step forward and is expected to move toward internationalization at speed.

Letting foreign banks set up branches in the mainland cities outside special economic zones and allowing mainland banks to set up institutions abroad is a major sign of China's recent efforts to speed up its financial structural reform.

According to the latest information from Beijing, the mainland has decided to open up three cities, namely, Guangzhou, Dalian, and Qingdao, in which foreign banks may set up their branches. The process will later on extend to six other cities, including Beijing, Tianjin, and Fuzhou, so as to attract more foreign, Taiwan, and Overseas Chinese banks to develop their business there.

It is learned that in the past few months, 47 foreign banks have been given permission to set up branches in a number of coastal cities. In addition, 30 other banks in this category are applying for such permission at the moment. Take Guangzhou for example. The central authorities have recently given six foreign banks, out of a dozen or so applicants, permission to set up branches there first. Among them are Hong Kong's Nanyang Commercial Bank and Bank of East Asia, as well as four banks from the United States, Japan, and France.

As to the mainland's own banking operations, up to now there are altogether four specialized banks, 377 trust companies, six comprehensive banks, and 19 financial companies of enterprise groups. In the past, among all these banks, only the Bank of China was allowed to set up branches abroad. It was not until after 1978 that an extremely small number of other banks were allowed to set up branches in the capitals of relevant countries. Recently, there has been much progress in this area: Apart from two central-level banks, the People's Construction Bank of China [PCBC] and the Industrial and Commercial Bank of China [ICBC], receiving permission to set up overseas branches, the same permission will be given to the Guangdong Provincial Bank of Development [GPBD]. Among them, the PCBC plans to set up branches in Japan and Singapore; the ICBC wishes to operate in Kazakhstan and upgrade its office in Singapore into a branch; the GPBD plans, to begin with, to buy a bank in Macao and then set up an agency or a financial company in Hong Kong, or join hands with a nongovernmental bank in Taiwan to found a joint bank for the purpose of absorbing capital from Taiwan to serve Guangdong's economic development.

Letting foreign banks set up branches on the mainland and allowing mainland banks to set up institutions abroad is part of the effort to pursue the opening up policy and attract foreign capital. This is all the more necessary now as tertiary industry is being opened up and foreign investment in the mainland is expanding dramatically. In the meantime, foreign businessmen investing in the mainland's property market and opening factories also urgently requires domestic and foreign banks to handle such business as mortgaging of apartments and funds allocation. Besides, it also helps the mainland assimilate the managerial experience of foreign banks.

In speeding up the financial structural reform, the mainland will also, as soon as possible, consider relaxing the restrictions on foreign banks handling renminbi deposits and loans, so as to encourage them to expand their business in the mainland.

Meanwhile, the relevant mainland department has set about drawing up a banking law, a company law, and a securities law, which will be promulgated and come into force once they are passed by the National People's Congress, so as to help speed up the internationalization process of China's financial system.

**BOC Branch Offers Insurance to Exporters**

*OW1307061392 Beijing XINHUA Domestic Service  
in Chinese 0623 GMT 12 Jul 92*

[By reporter Ni Xiaolin (0242 1420 2651)]

[Text] Beijing, 12 July (XINHUA)—The Beijing branch of the Bank of China [BOC] recently signed agreements with eight enterprises in Beijing on providing export insurance and claim settlement [bao li 0202 3810] services. This is the first batch of China's import and export enterprises that enjoy a bank's service in assuming export risks.

How do export enterprises reduce various kinds of risks? How do they assure that they will receive payment after export goods are shipped? These are major problems that have long troubled the country's exporters. Since 1988, the Beijing branch of the Bank of China has studied adopting the credit settlement method, or insurance and settlement of claim services, which has been used internationally for more than 20 years, to ensure export enterprises' interests in overseas markets.

The insuring and settling of claim services is a multipurpose service provided to enterprises by insurance and claim settlement agents or banks. After being entrusted by an export enterprise, the bank begins to investigate and provide its client with importers' creditworthiness and creditability. The bank provides insurance in case importers are unable to make all payments; after the export goods are shipped, the bank helps collect payment from importers. In addition, the bank may grant loans to its exporter clients if they have funding problems.

In March this year, the Beijing branch of the Bank of China signed an international insurance and claim settlement agreement separately with the British Eagle Lion Insurance and Claim Settlement Company [name as received] and the U.S. National Insurance and Claim Settlement Company, formally becoming a member of the international insurance and claim settlement organization. Thus, if an exporter client is skeptical about an importer's creditworthiness or faces risks, the bank will entrust the international insurance and claim settlement organization to investigate the importer's creditworthiness and to issue a notice for making payment.

All of the eight enterprises that signed insurance and claim settlement agreements with the Beijing branch of the Bank of China are Beijing's major exporters. They included the Beijing Municipal Machinery Import and Export Company, the Beijing Chemical Import and Export Company, the Beijing Native Products Import and Export Company, the Beijing Handicraft Import and Export Company, the Import and Export Company of the Beijing Internal Combustion Engine Corporation, the Beijing branch of the China Aeronautical Technology Import and Export Company, and the Beijing Damei Textile Group Import and Export Company. The Beijing Machinery Import and Export Company previously entrusted the Beijing branch of the Bank of China

with conducting export insurance and claim settlement business for it, and it collected payments safely and in a timely manner.

According to the headquarters of the Bank of China, as enterprises' export power and export volume increase, export insurance and claim settlement businesses will soon be promoted across the country. Banks and export enterprises are facing good prospects for sharing risks and joining forces in opening up overseas markets.

**Labor Minister Calls for Labor Market**

*OW1307131392 Beijing XINHUA in English 1259 GMT  
13 Jul 92*

[Text] Beijing, July 13 (XINHUA)—Ruan Chongwu, China's minister of Labor, said here today that in China the supply of labor force surpassing the demand will remain an outstanding problem in a period in the future, with 36 million people to be given jobs in the Eighth Five-Year Plan period (1991-1995).

However, Ruan noted, local governments have done their best to provide jobs for over 21.7 million people during the past three years and the unemployment rate has been kept below three percent.

In order to ensure social stability local governments have extended great effort to solve problems which have arisen from the suspended production of some industrial enterprises.

According to an analysis by Ruan, the increased pressure resulted from the decrease of job opportunities which began in 1989, in addition to the baby boom of the early 1970s, and the massive influx of laborers from rural to urban areas over the past few years.

He also noted that the government must change the current employment responsibility system.

Instead, according to Ruan, the central government must encourage the development of the labor market and competitive mechanisms to control labor and employment for all Chinese citizens.

Ruan said the government must also establish the operational mechanisms and order of the labor market, and offer guidance to enterprises concerning the labor force.

In addition, he pointed out that industrial enterprises have a surplus labor force of over 10 million, while the rural surplus labor force has swelled to over 100 million.

Ruan cautioned that unemployment rate will most likely rise during the process of transforming operational mechanisms and readjusting industrial structure.

He said that, as part of the effort to solve these problems, the State Council has approved his ministry's working report on labor and employment, introduced a series of measures designed to absorb the surplus labor force, and called for the increased attention of various departments and localities.

**Less Developed World Targeted for Future Exports**

HK1207050992 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 12-18 Jul 92 p 1

[By Qu Yingpu: "China Aims To Diversify Export Markets"]

[Text] The Chinese Government is considering a package of trade-promotion moves including the introduction of new shipping lines in an effort to diversify the country's export markets.

Currently, more than 75 percent of China's exports go to major industrialized powers. China is the world's 15th biggest exporter.

The concentration of markets for China's exported goods is blocking steady growth of its exports, said Ye Lingyun, director of the Import and Export Department of the Ministry of Foreign Economic Relations and Trade (Mofert).

Consequently, Ye suggests plans such as starting new shipping lines to Africa, Latin America, Eastern Europe, the former Soviet Union, the Middle East, and the South Pacific; offering more comprehensive export insurance to encourage trade with less-developed countries; and providing export credits to encourage such trade.

Although some countries in Africa, Latin America are in short of hard currencies, Ye said, these markets hold great potential since Chinese products are in high demand.

She said Mofert has asked the State Council to grant preferential policies to China's foreign trade companies that cultivate these markets.

Expanded insurance protection, such as "special risk insurance" to guarantee the earnings of the Chinese foreign trade companies dealing with these regions, is one idea, Ye said.

Another plan pushed by Mofert is getting Chinese banks to issue letters of credit to exporters. With these letters, exporters who sell to the targeted regions but must wait for payment can get paid more quickly by banks instead.

And Mofert has urged the communications department to open new shipping routes to developing regions and improve transportation facilities, Ye said.

She said the State Council and related departments have expressed support for these efforts to diversify export markets.

Ye said Mofert has already urged its foreign trade companies to send trade groups, organize trade exhibitions and invest in previously untapped markets.

Mofert also has promised support for the establishment of trade centres in those countries. Chinese exporters would be able to ship products to the centres, which could then store the products for sale later.

So far, China has opened such a centre in Hungary and is preparing to open several others in places such as South Africa, Russia, Poland, Mexico and Venezuela, Ye said.

Meanwhile, she said, China also is encouraging its retail sales chains to open department stores in the former Soviet Union.

According to statistics from Chinese Customs, its exports to its four major markets of Hong Kong, Japan, the European Community and the U.S. totalled \$16.4 billion in the first four months of this year, accounting for 76.9 percent of China's total overseas sales in the period. Ye said the nation will continue efforts to cultivate these markets while seeking new ones.

**Post, Telecommunications Volume Up 37% Jan-Jun**

OW1307141592 Beijing XINHUA in English 1355 GMT 13 Jul 92

[Text] Beijing, July 13 (XINHUA)—China's Post and Telecommunications services are in greater demand.

In the first six months of the year national business volume increased by 37.2 percent compared with the same period of 1991, and income increased by 41 percent.

According to Post and Telecommunications Departments in Tibet Autonomous Region and Jiangsu, Shandong, Fujian and Guangdong Provinces, business increased by over 40 percent, while that in Hainan Province rose by 70.3 percent.

Telephones users increased by 1.07 million throughout the country, a 29.4 percent rise over the corresponding period of last year.

**Hainan Users Increase 70%**

HK1307122692 Beijing ZHONGGUO XINWEN SHE in English 1101 GMT 13 Jul 92

[Text] Beijing, July 13 (CNS)—[passage omitted]

The growth in total business volume of posts and telecommunications of most of the provinces, autonomous regions and municipalities in the first half of the year was over 30 percent. Among these places, the total business volume value of Hainan Province was RMB 100 million [renminbi], a growth of 70 percent of over the same period last year and ranking the province first nationwide.

At the same time, the capacity of posts and communications also grew greatly, with a net increase of over one million households having telephones installed in urban areas, a net increase of 35,000 connected to long-distance exchanges and the number of households with IDD facilities surpassing three million, all attaining new levels in recent years.

**Survey Says Some Agriculture Products Substandard**

*OW1307223092 Beijing XINHUA Domestic Service  
in Chinese 1030 GMT 13 Jul 92*

[By RENMIN RIBAO reporter Xia Jun (1115 0193) and  
XINHUA reporter Pu Lu (5543 7773)]

[Text] Beijing, 13 July (XINHUA)—Speaking at a news briefing today at the Ministry of Agriculture on the results of a sample survey on supervising the quality of the means of agricultural production, Chen Yaobang, vice minister of agriculture, said that the problem of poor quality in the means of agricultural production in China is still quite serious. A recently conducted sample survey of seven categories of the agricultural means of production showed that one third of the products were not up to standard.

In recent years, some units and individuals have unscrupulously manufactured and sold fake or poor-quality capital goods for agricultural production. This has caused peasants serious economic losses. To deal with this situation, the Ministry of Agriculture has organized personnel to conduct a supervisory sample survey, at the end of last year and in the first half of this year, of seven categories of means of agricultural production—namely chemical fertilizers, farm insecticides, fodder, fish powder, farm machinery parts, corn seeds, and vegetable seeds—to determine their quality. The survey was conducted at production facilities and marketing units, and involved 270 enterprises in 21 provinces, autonomous regions, and cities throughout the country.

The results of the survey are as follows: Regarding chemical fertilizer, 53 compound fertilizer plants were surveyed, and 58 samples were taken; 40 of which, or 69 percent of them, were up to the prescribed standard. As regards farm insecticide, 12 enterprises manufacturing a ketone compound were surveyed; 15 samples were taken and 69 percent were up to standard. Seven samples were taken from six factories manufacturing insecticide containing ketonic compounds, and it was found that 42.8 percent of its products were up to standard. In the field of fodder, sample surveys were conducted at 41 enterprises in the Guangdong, Hebei, and Jilin provinces. Some 60 samples were taken, and it was found that 75 percent of their products were up to standard. It should be noted that the quality of the fodder manufactured by some joint ventures and wholly foreign-funded enterprises has declined to some extent. In the field of farm machinery parts, 90 samples were taken from two farm machinery companies in Sichuan and Jilin provinces and from 52 other manufacturing plants. It was found that 60 percent of their products were up to standard. As for corn seeds, 60 samples were taken from 20 seed

dealers in Liaoning, Hebei, Inner Mongolia, Shandong, and Shanxi, and it was found that 61 percent of their products were up to standard. The sample survey of fish powder and vegetable seeds was not much different. Disqualified products accounted for a quite a proportion.

Chen Yaobang stressed that various departments in charge of agriculture and production and marketing units should pay special attention to the problem of quality control in the means of agricultural production. They should adopt measures to guarantee and improve product quality. Chen Yaobang also called on enterprises producing or marketing inferior products to improve their products within three months. He also called on monitoring centers to reexamine their products.

Ding Qidong, head of the Quality Supervision Section under the State Bureau of Technology Supervision, also spoke at the news briefing.

**Nation Said Among World Leaders in Shipbuilding**

*OW1307085992 Beijing XINHUA in English 0811 GMT  
13 Jul 92*

[Text] Beijing, July 13 (XINHUA)—The production capacity of China's shipbuilding industry has increased dramatically from 800,000 tons ten years ago to 1.5 million tons today, ranking the country as a world leader, according to today's "ECONOMIC INFORMATION DAILY."

The industry has recorded rapid progress during the past ten year period of reform and opening to the outside world.

According to the China State Shipbuilding Corporation, the overall output value of the corporation has increased from 2.2 billion yuan (about 440 million U.S. dollars) ten years ago to over 8.4 billion yuan during 1991.

In addition, the corporation's export volume has maintained an average increase of some 20 percent a year and, in 1991 alone, it exported ships with a total tonnage of over 360,000 tons, a five-fold increase over 1981.

The corporation received orders from overseas customers for ships with a total tonnage of over 800,000 during the first five months of this year.

Over the past ten years the corporation has stressed scientific and technological upgrading in order to develop new products in shipbuilding, as well as in aviation, power generation, and petrochemicals.

The corporation has exported over 70 types of ships, including bulk vessels, oil tankers and large container ships, to over 60 countries and regions.

**East Region****'Roundup' Views Overseas Investment in Jiangsu**

OW1507102992 Beijing XINHUA in English  
1001 GMT 15 Jul 92

[("Roundup: Overseas Investment Keeps Pouring Into Jiangsu"—XINHUA headline)]

[Text] Nanjing, July 15 (XINHUA)—As the entire Yangtze River Valley is poised for a major leap forward in economic development, Jiangsu Province in the river's lower reaches, one of the most economically developed coastal provinces in China, is accomodating wave upon wave of overseas investors and the amazing upsurge in overseas investment in the province is unabated.

In the first half this year, the province in east China approved 1,830 overseas-funded enterprises, an average of 10 a day, according to a local official.

Last year, the province approved 1,138 overseas-funded enterprises, surpassing the total for the previous ten years, and this first half-year figure surpassed last year's total. The achievement was listed with great importance by Zhou Guangming, an official with the Provincial Commission for Foreign Economic Relations and Trade.

Zhou said, "The upsurge in overseas investment in Jiangsu is not accidental since a series of important decisions were taken by the Chinese Government in 1990 on accelerating economic development and opening to the outside world in the Yangtze River Valley."

With domestic and overseas investment, Jiangsu Province is focusing on building an economic belt along the Yangtze River that covers seven cities, including Nanjing and Zhenjiang, Zhou said.

According to statistics, in the first quarter of this year the province approved 336 overseas-funded enterprises involving a total of 230 million U.S. dollars—respectively 2.7- and 2.4-time increases over the same period of last year.

In the first half of this year, overseas investment approved surged to 1.296 billion U.S. dollars, a 4.1-time increase over the same period of 1991, Zhou said.

He said that new overseas-funded enterprises cover labor-intensive and technology-intensive projects, production projects, and the service sector, including real estate and tourism.

In the meantime, a number of state enterprises have changed their management mechanism, upgraded their equipment by using foreign investment and advanced technology, and expanded co-operation ties with overseas investors, Zhou said.

The larger new Sino-foreign joint ventures include the Nanjing-Fuji Communications Equipment Corporation

Ltd, with an investment of 14.5 million U.S. dollars, a Nanjing-Germany co-operation project, with an investment of 50 million U.S. dollars, and the Suzhou-Netherlands Philips Corporation, with an investment of 80 million U.S. dollars.

According to a survey, in the first half of this year the province approved 52 overseas-funded enterprises with an investment of at least 10 million U.S. dollars each, and more overseas investors decided to expand production with additional investment, Zhou said.

The province also approved 85 wholly foreign-funded enterprises with a total investment of 190 million U.S. dollars in the first six months, 87 percent and 3.27-time increases, respectively, over the same period of 1991.

Meanwhile, the province received more investors from Taiwan. Statistics show that it approved 300 Taiwan-funded enterprises in the first six months, involving 240 million U.S. dollars. In Nanjing city, capital of the province, alone, the Taiwan-funded enterprises account for one third of the city's total overseas-funded enterprises.

Jiangsu's upsurge in overseas investment is achieved against a background that the whole country is set to accelerate the pace of economic reform and opening to the outside world and that the province is earnestly implementing the guidelines worked out by the central authorities, according to Nie Haiping, director of the commission.

Nie said that the province is able to accomodate still more overseas investors, and for this it has worked out a series of measures including those for improving the investment environment, transferring authority to lower levels for examination and approval procedures, and improving services.

In addition, the provincial authorities have set up more than 100 industrial development zones in Suzhou, Wuxi and Changzhou cities, which have better basic facilities, for overseas investors in the past few years, Nie said.

Statistics show that in the first half of this year Suzhou approved 886 overseas-funded enterprises involving a total investment of 790 million U.S. dollars. This figure surpassed the total for the past 13 years.

Nie said that at present about 1,700 overseas-funded enterprises in the province have gone into operation, and their export earnings account for 16.75 percent of the total export volume of the province.

**XINHUA RIBAO on Democratic Parties' Role**

OW1507051192 Nanjing XINHUA RIBAO  
in Chinese 6 Jul 92 p 1

[Editorial: "Take New Steps and Make New Contributions—Greeting the Successful Conclusion of Our Province's Democratic Parties' Congresses"—XINHUA RIBAO headline]

[Text] Since the beginning of the year, the Revolutionary Committee of the Chinese Kuomintang, the China Democratic League, the China Democratic National Construction Association, the China Association for Promoting Democracy, the Chinese Peasants' and Workers' Democratic Party, the China Zhi Gong Dang (Party for Public Interests), and the Jiusan (September 3) Society of our province have separately convened their congresses. The congresses earnestly studied Comrade Deng Xiaoping's important speeches, made during his tour to the south, summed up their work, planned for future tasks, and elected new committees. We convey our warm greetings to the successful conclusion of these congresses.

We are glad to note that since the last congresses, our province's various democratic parties have implemented the CPC's basic line of "one center, two basic points" and actively played their political and supervisory role. They have extended consultations in major political, economic, and social development issues of the provincial and local governments. They have given extensive consultative services in the fields of science and technology and operations management, and supported the development of border regions with their expertise, aided the poor with science and technology, and coordinated friendly overseas relations, thus making outstanding contributions to our province's reform and opening to the outside world and two civilizations. Democratic parties have also strengthened their self-development while playing their political and supervisory role. All these facts have fully manifested a fine tradition with the democratic parties and CPC standing united through thick and thin and sharing weal or woe.

Winds from the east have brought the full blooms of spring. Since the study and implementation of Comrade Deng Xiaoping's important speeches and guidelines of the plenary session of the Political Bureau of the CPC Central Committee began, an upsurge in reform and opening to the outside world and economic development has emerged nationwide. This has injected new vitality into the democratic party work and put forward a higher demand from them. We hope that comrades of all democratic parties will thoroughly study Comrade Deng Xiaoping's important speeches, emancipate their minds, and further establish the guiding ideology of serving the economic construction. They should unite whatever forces they have, bring every positive factor into play, and mobilize everyone's aspirations and forces to create a united, stable, and harmonious social environment favorable to accelerating reform and opening to the outside world and economic development. Democratic parties should bring into full play their advantages of having a vast number of experts, vast knowledge, and wide local and overseas contact, and convert these advantages into realistic productive force. They should encourage and support the vast number of members in rendering outstanding services and contributions for promoting the strategy of "three main tasks," and "four accelerations" proposed by the provincial party committee and government. They should mobilize their

members to strengthen ties with the "three overseas compatriots," for publicizing locally and externally our province's reform and opening up and economic development and relevant policies and laws, and for widening overseas contact and procuring funds, technology, expertise, and management experiences for the development of export-oriented economy. They should make new contributions to our province's reform and opening to the outside world and economic development.

As in the past, we must continue to implement the principle of "long-term coexistence, mutual supervision, treating each other with all sincerity, and sharing weal or woe." We must uphold and perfect the CPC-led multi-party cooperation and political consultative system, strengthen the coordination between democratic party members and people without party affiliations, and favorably select them for leading positions in government and judicial organizations, so as to create better conditions for bringing their political and supervisory role into play. Meanwhile, we also hope that, in light of the interests of our nation and people, comrades of democratic parties will further strengthen their self-development, continue to upgrade the quality of their members, conduct investigation and research, and actively provide consultations on major political, economic, and social development issues. They should speak up boldly and offer their vast knowledge and deep insight, do a realistic job in democratic supervision, and assist the party and government in building a good party style and clean administration for a smooth reform and opening up process.

The great undertaking in the implementation of reform and opening up and economic development has offered a vast stage for democratic parties to play their role fully. Now that the principles and goals have been determined, we must enhance our sense of urgency, sense of responsibility, and sense of mission. We must do practical work and bring Jiangsu's economic development to a new level. We must make new contributions and outstanding achievements to greet a victorious 14th CPC Congress.

#### Shandong Personnel Appointments, Removals

SK1407133192 Jinan DAZHONG RIBAO  
in Chinese 11 May 92 p 1

[Text] In accordance with the nomination made at the chairmanship meeting of the provincial People's Congress Standing Committee, the 28th session of the seventh Shandong Provincial People's Congress decided to appoint Zhao Juncheng and Guo Xinzheng (6753 2450 3864) supplementary vice chairmen of the Financial and Economic Committee of the Shandong Provincial People's Congress; Sun Ying as vice chairman of the Nationalities, Overseas Chinese Affairs, and Foreign Affairs Committee of the Shandong Provincial People's Congress; and Xie Jincheng (6200 6855 1004) and Wu Enlin (0702 1869 7207) members of the Legislative Affairs Commission of the Shandong Provincial People's Congress; and to remove Sun Ying from his post as member

of the Financial and Economic Committee of the Shandong Provincial People's Congress. The announcement was made on 10 May.

In line with the nomination made at the chairmanship meeting of the municipal People's Congress Standing Committee, the congress session also decided to appoint Li Rongzhen (2621 2837 2182) chairman of the work committee of the Shandong Provincial People's Congress Standing Committee in Dezhou Prefecture; and Feng Baopu (7458 1405 3877) chairman of the work committee of the Shandong Provincial People's Congress in Binzhou Prefecture; and to remove Wu Zhenqi (0702 2182 7871) from his post as chairman of the work committee of the Shandong Provincial People's Congress Standing Committee in Dezhou Prefecture; and Hu Zhaokun (5170 0340 0981) chairman of the work committee of the Shandong Provincial People's Congress Standing Committee in Binzhou Prefecture. This announcement was made on 10 May.

According to Governor Zhao Zhihao's nomination, the congress session also decided to appoint Zhang Zongliang (1728 1350 0081) director of the Shandong Provincial Personnel Bureau; and to remove Shi Shihong (0670 0013 1347) from his post as director of the Shandong Provincial Personnel Bureau. This announcement was also on 10 May.

#### Shandong Views Industrial Production Achievements

SK1507050292 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 8 Jul 92

[Summary] In the first half of this year, industrial enterprises throughout the province created a good trend in production and surpassed the national average levels in growth rate and economic results. Industrial enterprises at and above the township level created 96.28 billion yuan of output value accumulated from sales, a 22.1-percent increase over the same period of 1991. The province's total industrial output value reached 109.75 billion yuan, a 20.8-percent increase over the same period of 1991. Its value of exported industrial commodities reached 11.52 billion yuan, a 34.7-percent increase over the same period of 1991.

In the first half of this year, the state-run industrial enterprises created 56.2 billion yuan of output value accumulated from sales, a 15.28-percent increase over the same period of 1991. Their total industrial output value reached 59.4 billion yuan, a 14.9-percent increase over the same period of 1991. The output value accumulated from sales by large and medium-sized industrial enterprises accounted for 52 percent of the total of all industrial enterprises. The marketing rate of the products of industrial enterprises throughout the province reached 87.77 percent. The marketing rate of large and medium-sized industrial enterprises reached 92.18 percent, higher than that of small enterprises; that of the state-run enterprises was better than that of collective ones; and that of large collective enterprises was better than that of township-run enterprises. The province's

power output showed a 14.1-percent increase over the same period of 1991. Collieries whose products are distributed according to the unified state plan overfilled their raw coal production target by 2.79 million tons.

In the first half of this year, the state-run industrial enterprises covered by the local budget across the province handed over 3.06 billion yuan of profits and taxes to the state, a 31.8-percent increase over the same period of 1991. Income from the sales by industrial enterprises reached 27.25 billion yuan, a 20.7-percent increase over the same period of 1991. The number of money-losing enterprises declined by 139 from 1991 and the volume of deficits declined by 41.86 percent.

#### Jinan Railway Court Sentences Nine Criminals

SK1307151592 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 11 Jul 92

[Text] The Jinan railway transportation intermediate court and the Jinan railway transportation court held a trial on 10 July to sentence 37 criminals involved in nine cases for doing evil deeds on passenger trains. Nine criminals were sentenced to death.

Fifteen thieves, including (Li Qibao), (Wang Xin), and (Zhao Dongming), (Lin Baoyin), and (Wang Guozhong) were all criminals from Northeast China with criminal records. They showed no sign of remorse. From April 1990 to July 1991, they carried such tools as self-made keys for opening train doors and screwdrivers for committing crimes. They hid by day and came out at night to commit crimes in various localities. On more than 20 passenger trains running on the Beijing-Shanghai, Qingdao-Jinan, and West Longhai railway lines, they successively stole money from passengers totaling more than 173,760 yuan in total by such means as opening or cutting the bags of passengers.

Five principal criminals such as (Li Qibao) and (Wang Xin) were sentenced to death in line with law with a permanent deprivation of their political rights.

Thieves (Qi He), (Kong Zhengshi), (Wang Xianju), and (Zhang Tianhe), fled far and wide to commit crimes on railway stations and warehouses for a long time. They arbitrarily stole railway transport materials and money from passengers. Their stolen goods were valued at more than 30,000 yuan. They were also sentenced to death according to law with a permanent deprivation of their political rights.

#### Shanghai Land Development Attracts Overseas Firms

OW1207132592 Beijing XINHUA in English 1305 GMT 12 Jul 92

[Text] Shanghai, July 12 (XINHUA)—Shanghai, China's leading metropolis on its eastern coast, is attracting more overseas land developers to help fulfill its ambitious goal of bringing a face lift to the aging city.

During the first six months of this year, Shanghai leased out 29 tracts of land. In the first week of July, 12 more pieces of land were leased.

These areas are to be used mainly to build up commercial facilities. The most attractive project was signed April 16 by the Fortune Company of Thailand involving more than 2 billion U.S. dollars.

Under the agreement, 40 ha [hectare] of land in the Pudong New Area will be used by the Thai company to build a "Fortune World" which will cover financial, commercial and trading sectors and is designed to be built into one of the most prosperous regions in the Pudong Area.

Bhamin Clearavanont, chairman of the Fortune Company, is also the chairman of the Giant Chai Tai Co. Ltd of Thailand. This move caught the attention of domestic and overseas companies.

Two months later, the Shanghai-Hong Kong Development Corporation, a consortium composed of a group of big companies, signed a 131 million U.S. dollar contract for a 50-year lease of 5.78 ha of land near the Shanghai railway station.

The consortium is planning to use the land to build an "ever illuminating night" town in the region. It will house shopping, recreation, catering and hotel services and office buildings. In about 10 days, more lots of land in the area were claimed by a Hong Kong company and a Canadian company.

An official from the municipal land administration said that now more overseas investors wish to lease the land by large areas and they are pushing from the Pudong Area into the city center on the western bank of the Huangpu River.

Economists here said land development usually takes longer periods to recover investment. The increased involvement of overseas investors in land development and renovation of old living quarters indicated an ever-improving investment environment in the city. More companies are showing their confidence in the city development.

Experts predicted that if Shanghai adheres to the current open policy, the city is expected to have a complete face lift in just one decade.

#### Correction on Article on Changing Mind-Sets OW1107003892

The following correction pertains to the item headlined "Shanghai Paper Discusses Changing Mind-Sets" published on pages 48 through 51 of the 10 July China DAILY REPORT:

Page 50, column one, paragraph two, sentence five make read: ...materials freely and exporting finished products abroad."... (changing "importing" to "exporting.")

#### Zhejiang Reveals 1991 Plan for Opening Up HK1507063092 Hong Kong CHING CHI TAO PAO in Chinese No 25, 29 Jun 92 p 12

[ "China economic news" Article: "Zhejiang Province Bares Future Opening Up Plan" ]

[Text] Zhejiang provincial authorities have worked out an overall program of opening up for the 1990's. The following are the program's key points:

—Giving priority to the development of three cities, while making the focal point stand out. Priority will be given to the development of the two coastal open cities of Ningbo and Wenzhou as well as the international tourist city of Hangzhou. Of the three, Ningbo is the focus of Zhejiang's opening up efforts. The Industrial Zone of Beilun Port in Ningbo will become one of Zhejiang's major energy and raw and semifinished materials bases, as well as its largest export processing zone and trading port.

—Relying on ports to develop localities on the two flanks. Basing on Beilun Port as well as its medium and small ports along the coast, the province plans to expedite the reform and opening up of the two flanks of Ningbo, namely, localities along the Shanghai-Hangzhou-Ningbo Highway and the Gold Coast of eastern Zhejiang. The province has already applied to the State Council to list all counties and cities within the aforementioned areas as economic development areas.

—Pushing forward step by step and finally reaching the goal of opening up the entire province to the outside world. Efforts will be taken to accelerate the development and opening up of localities along the Zhejiang-Jiangxi and Jinhua-Wenzhou railway lines. The province will strive to list Jinhua city, the urban area of Quzhou, Lishui County, and Qingtian County as economic open areas.

#### Central-South Region

#### LIAOWANG on Guangdong's Economic Prospects HK1407095192 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 26, 29 Jun 92 pp 13-14

[Article by Hu Guohua (5170 0948 5478): "Analysis of Guangdong's Economic Development Prospects"]

[Text] Earlier this year, Deng Xiaoping made a tour of south China and called on Guangdong Province, the vanguard of the mainland's reform and opening up, to strive to catch up with the Asian "four little dragons" in 20 years. Can this objective be realized? To answer this question, it is necessary to make an analysis in the areas of Guangdong's existing actual strength, the gap, conditions, and measures.

**Actual Strength and the Gap**

People who have been to Guangdong are all deeply impressed by its existing actual economic strength, characterized by its 1-million-strong enterprises distributed in cities and villages, displaying a powerful productive capability; cobweb-like highways and innumerable bridges, manifesting its economic operating capacity; and all sorts of flourishing and prosperous specialized markets and comprehensive shopping centers, showing its commodity collecting and distributing capacity and a brisk market economy.

Since reform and opening up started 13 years ago, benefited by the special policies and flexible measures granted by the central authorities, and thanks to the creative endeavor of various sectors of the entire province, Guangdong's economy has been continuously growing at an unprecedented pace, which has exceeded that of the Asian "four little dragons" in their take-off period. In 1991, the province's GDP had increased from 18.47 billion yuan in 1978 to 168.5 billion yuan, and per-capita GNP had increased from 365 yuan to 2,660 yuan. The high-speed economic development has noticeably changed the province's industrial structure, and the proportions of the output values of the primary, secondary, and tertiary industries changed from 30:46:24 in 1978 to 26:40:34 in 1990.

The change in the conditions of infrastructure facilities also reflects the province's actual economic strength from another angle. From 1978 to 1991, the entire province's electric power installed capacity increased from 1.7 million kilowatts to over 9.55 million kilowatts, and the generated energy showed a yearly average increase of 11.8 percent. In communications construction, apart from the newly built Sanshui-Maoming Railway, the dual-track construction of the Beijing-Guangzhou Railway in the section between Hengyang and Guangzhou has been completed, increasing the railway operating mileage from 1,005 km to nearly 1,300 km; the newly added mileage of highways in the past 13 years is 3,100-odd km, of which that at and above second-class level is nearly 2,400 km; more than 1,000 highway bridges have been built, so that ferries are no longer needed for the entire province's arterial highways, which is virtually a historic leap forward in a region densely covered with networks of rivers; and in coastal ports, more than 100 berths have been newly constructed, increasing the annual handling capacity by 33.8 million tonnes.

Along with the rapid economic development, the living standards of urban and rural residents in Guangdong have been remarkably raised. Last year, the per-capita income of the province's urban and rural residents for living expenses reached 2,562 yuan, peasants' per-capita net income reached 1,125 yuan and, allowing for price factors, they increased by 16.5 and 7.9 percent respectively.

However, after sober observation, it is not difficult to discover that there are also a few problems in Guangdong's

economy, such as the dominant position of labor-intensive industries, low content of product technology, poor average laborer quality, inadequate construction funds, and other problems. All this needs to be settled with concentrated efforts in the province's future development.

Compared with the Asian "four little dragons," the economic gap between them and Guangdong is rather big. Certainly, owing to differences in terms of national conditions, structures, circumstances, and customs, it is very difficult to compare accurately with the yardstick of scientific measurement. For the time being, therefore, we can only use the "purchasing power calculation method," which is adopted by many countries' research organs now, to calculate the renminbi's actual purchasing power, and then make comparison with the "four little dragons." Comparing the economic conditions of Guangdong, Taiwan, and South Korea using one of the relatively authoritative methods of calculating the purchasing power of the renminbi and of the U.S. dollar (as adopted by the U.S. Rand Corporation), one can see that Guangdong's per-capita GNP in 1990 was only 30.3 percent that of Taiwan and South Korea. Again, comparing some conditions of Guangdong and South Korea that year, one can see even more clearly the gap between them. In 1990, Guangdong's generated energy, crude oil processing capacity, and output of chemical fiber, cement, automobiles, and color television sets were only 30, 25, 9, 69, 1, and 23 percent those of South Korea respectively.

It is thus obvious that it is by no means an easy thing to narrow the gap between Guangdong and the Asian "four little dragons."

**Conditions and Speed**

Although there are gaps, yet there are also possibilities of narrowing them.

According to the prediction of a relevant international research organ, by 2000, the per-capita GDP's of Taiwan and South Korea will reach approximately \$16,675 (based on 1990 prices), or a yearly average increase of 5.1 percent over 20 years. To catch up with Taiwan and South Korea in the same period, Guangdong's per-capita GDP should increase at an average rate of 11.5 percent a year. If the factor of population growth is added in, the average rate should be further raised to 12.9 percent.

Evidently, it is not an easy job to maintain such a yearly average growth rate over 20 years. However, the practice of reform and opening up in Guangdong over the past 13 years has proved that so long as the policies are correct, measures are appropriate, and the people throughout the province work with concerted efforts, it is absolutely possible to maintain a relatively high growth rate for several years running. From 1978 to 1991, Guangdong's GDP increased at an average rate of 12.4 percent a year, and the last seven years saw a yearly average increase of 13.9 percent. Even if the factor of population growth is added, the yearly average increase of per-capita GDP also reached 12 percent.

The development of the past few years has laid down a solid foundation for Guangdong's future economic take-off, and has made full preparations for its further growth. Those who are well acquainted with the history of Guangdong know that 13 years ago, Guangdong's economic foundation was rather weak, characterized by inadequate energy, poor transport facilities, and backward telecommunications, described as "dim electric light, uneven roads, and ineffective telephones." In the Zhu Jiang Delta, which is densely covered with big and small rivers, there were very few bridges, and people and vehicles had to cross rivers by ferry after travelling a couple of miles. Trades in rural areas still focused on grain growing, mulberry planting, chicken raising, and fish breeding, and in cities and towns various kinds of industrial equipment were outmoded and processing capacity was poor. After 13 years of reform and opening up, this backward situation has been diametrically changed, which, no doubt, has provided a powerful reserve strength for economic development in the years to come. Although in the 20 years from the 1990's to the early 21st century, Guangdong has still to concentrate its efforts on the capital construction of communications, energy, and other areas, yet they are tasks to "add flowers to the brocade," hence, they are not so formidable as having to "send charcoal in snowy weather."

The increasingly brisk markets are also favorable conditions for Guangdong's economic development to maintain a comparatively high and balanced speed in the next 20 years. At present, Guangdong's commodity operation is carried out by three markets: the market within Guangdong, the market of other provinces and autonomous regions, and the international market. As a result of economic development and an increase in population from other localities, a considerable market has taken shape in Guangdong itself, with very strong absorbing and digesting capacities. From 1986 to 1990, Guangdong's total volume of social commodity retail sales alone reached 288.3 billion yuan, an increase of 1.5 times over the previous five years, or an average growth of 17.8 percent. Over the past two years, the province's social commodity retail sales have continued to increase by 70-80 billion yuan a year. A sample survey indicates that in Guangdong's local market, local products account for 70 to 80 percent. This is attributed to their competitiveness, manifested in the complete range of goods, low prices, and good quality, rather than adopting trade protectionism for local products. As regards the market of other provinces, it has become a general phenomenon that Guangdong's goods are readily salable there. Various kinds of commodities made in Guangdong are displayed on the shelves of large and small shops in Beijing, Tianjin, Shanghai, and other big cities up to the small townships and towns in the border areas, and have universally become customer favorites. In the international market, the export of Guangdong's goods has been growing year by year. Over the past two years, export volume has exceeded \$10 billion, and even reached \$13.9 billion last year, ranking first in the entire country.

It is particularly important that after more than 10 years of continuous reform, Guangdong's economic operational mechanism has been increasingly rational, the economic operational quality has been incrementally enhanced, and economic development has got onto the right track of a benign circle, thus bringing about the essential environment for furthering reform and opening up. Signs have indicated that the state will continue to grant special policies and flexible measures to Guangdong Province. This, no doubt, is a major prerequisite to ensure the sustained growth of the province's economy in the future.

While gathering material concerning Guangdong's economic development, this reporter noted that in recent days, people throughout the province were discussing the issue of catching up with the "four little dragons" in 20 years and were spontaneously exploring and studying strategies and measures to be adopted. With regard to strategies, although the language used by various areas and departments varies, the essence is identical: firmly following the road of building socialism with Chinese characteristics, developing a planned commodity economy, acting according to market rules and the law of value, assimilating and using for reference all the advanced operation methods and management techniques of other countries in the world, including the capitalist developed countries, which reflect the laws governing modern, socialized production, deepening reform and opening wider to the outside world with the international market as guidance and the domestic market as backing, quickening the pace of scientific and technological progress, effecting an incremental transition from labor-intensive to technology-intensive industries, raising the level of industrial production, and bringing into full play the radiating role of the special economic zones and the Zhu Jiang Delta area so as to expedite the development of the east and west wings of the province and bring along the mountainous, old, ethnic minority, border, and impoverished areas with a view to striving for high-speed and coordinated development in various localities across the province.

To quicken the pace of economic construction and strive to catch up with the "four little dragons" in 20 years, cadres and the masses in Guangdong are meticulously working out plans. They intend to take three steps over 20 years. As the first step, they will strive to enable the people's livelihood to reach the level of moderate prosperity by 1995, as the second step, they will strive to reach the present economic development level of the "four little dragons" by 2000, and as the third step, by 2010 they will catch up with the then development level of the "four little dragons."

What practical and feasible measures should be taken to ensure the realization of these set objectives? This is the question that many leading cadres and professional workers have been considering these days. While gathering information, this reporter felt that the following

measures they have proposed and started implementing would have immeasurable impact on the future economy in Guangdong.

—Promoting economic development through the application of scientific and technological advances to effect the transformation of the industrial structure from the labor-intensive to the technology-intensive type. To achieve this, it is necessary to pay immediate attention to raising the quality of laborers. From now on, we should vigorously develop higher education, popularize senior middle school and vocational education, and bring up a large number of qualified personnel who have an intimate knowledge of scientific and technological development and applications, and laborers who are suited to production with new high technology.

—Paying attention to improving and strengthening macroeconomic regulation and control while effectively raising funds and maintaining a higher rate of investment. According to the calculation by a department concerned, to maintain a yearly average growth rate in the GDP of 10 percent or greater over 20 years, a accumulative total of approximately 3,874 billion yuan will be needed for investment in fixed assets. This figure is indeed very astonishing, but it is not unobtainable. Departments concerned in Guangdong will try to do the following work well to ensure that this accumulation rate for investment will be achieved: On the one hand, they will form a better mechanism to raise funds, and make full use of foreign capital, idle funds in society, and funds accumulated by themselves; on the other hand, they will establish a powerful mechanism of macroeconomic regulation and control, mainly using the economic lever, industrial policies, economic prediction, and other means to give guidance and exercise regulation and control, and guarding against an overheated, runaway economy so that economic development will not be affected.

—Continuing to actively open up domestic and international markets, expand the market network, and incrementally set up a diversified, multilevel, open, and unimpeded market system. Guangzhou should be developed as quickly as possible into an international trade center holding a prominent position in Asia and, at the same time, relatively advanced retail shopping malls and large wholesale centers should be built in various cities and comparatively economic developed counties. In the market of other provinces, the market share of Guangdong's goods should be consolidated and expanded with new and fine-quality products as well as excellent services, and the economic contacts and cooperation with various cities and provinces should be vigorously intensified. In foreign trade, it is necessary to push forward at a faster pace the strategy of diversification, develop multinational businesses step by step, and establish a world-oriented and rationally distributed foreign trade market network.

—Developing various kinds of energy and increasing energy supplies so as to meet the ever-growing demand. We will mainly use thermal power plants to generate electricity at the preliminary stage, depend on nuclear power at the later stage, and make use of hydropower wherever possible. We will build a series of large-scale power plants in Shantou, Zhanjiang, Shenzhen, Zhuhai, and other places so that per-capita generated energy will reach 5,820 kilowatts in 20 years.

—Taking appropriate and effective measures to build a series of infrastructure facilities and industrial capital construction projects including highways, railways, navigation courses, ports, airports, post and telecommunications, the raw and semifinished materials industry, as well as the construction of cultural, public health, and other undertakings.

#### Henan Secretary Attends Enterprise Reform Forum

HK1507062692 Zhengzhou Henan People's Radio Network in Mandarin 1030 GMT 2 Jul 92

[Text] To push ahead with enterprise cadre and personnel and labor and wage systems reform, as well as enterprise distribution system reform, and to study and tackle new situations and new problems cropping up in the aforementioned three types of enterprise reforms, the provincial party committee and government convened an enterprise reform conference in Zhengzhou 30 June-2 July.

Representatives of more than a dozen Henan-based enterprise groups attended and gave accounts of their own experiences in furthering the three types of enterprise reforms at the conference.

Provincial party committee and government leaders, including [provincial party committee Secretary] Hou Zongbin, [provincial Governor] Li Changchun, Gu Qingshan, Lu Kejian, and Hu Xiaoyun, attended the conference. [passage indistinct]

#### Henan Secretary Inspects Villages, Factories

HK1507065392 Zhengzhou Henan People's Radio Network in Mandarin 1030 GMT 7 Jul 92

[Text] While making investigations in Zhoukou Prefecture, provincial party committee Secretary Hou Zongbin said: It is necessary for the whole party to promote economic development and for all walks of life to work as one to hasten economic development and elevate Henan's economy to a new stage.

Secretary Hou Zongbin made investigations and studies in villages and factories in Taikang and Xihua Counties. After inspecting China's biggest breeding bases for fine-breed rabbits in Daqi and Zhaijiang, Taikang County, Secretary Hou Zongbin said happily: Rabbit breeding is a business for achieving prosperity which is cost-effective and can yield quick results. Every village and every household can do this. Rabbit slaughterhouses and

rabbit fur processing plants can add value to their products through intensive or refined processing. We can also set up markets for rabbit products and feed processing plants and make breeding, processing, and marketing a coordinated process.

Comrade Li Guoqin, secretary of the Taikang County CPC Committee told Secretary Hou Zongbin about the prosperity-achieving formula advanced by local cadres and people as follows: Make crop and plant cultivation pave the way, the breeding industry serve as the starting point, rural enterprises as the avenue to prosperity, and pillar enterprises as a foundation. After hearing this, Secretary Hou Zongbin responded gleefully: Well put. Without crop and plant cultivation paving the way, the other industries will go nowhere. If we fail to accumulate funds through promoting the breeding industry, we cannot make a big stride forward. Without rapid growth in the rural enterprises, we will not achieve prosperity. Without pillar enterprises, county-level economic strength will not be expanded. The formula for development advanced by local cadres and people reflects the objective law governing economic development in rural areas on flat lands.

Secretary Hou Zongbin encouraged cadres and people in Taikang to take effective measures to increase the county's gross output value of agriculture, industry, and rural enterprises to one billion yuan during the Eighth Five-Year Plan, financial income to [word indistinct] yuan, and [words indistinct].

When Xihua County cadres reported on local rural enterprises, Secretary Hou Zongbin said: County-level leaders should change their concepts, refrain from making investment only in agriculture, and vigorously strengthen industrial [words indistinct]. Pillar enterprises are not necessarily state-owned enterprises. Efforts should be made to set up collectively-owned enterprises, which will enjoy greater autonomy. [words indistinct] should account for over 60 percent of rural enterprises. [passage indistinct]

Secretary Hou Zongbin pointed out emphatically: Accelerated economic development calls for an advantageous environment of stability and unity. There are two villages standing side by side in Xixia town, Xihua County, one being Fulang village and the other Hanmin village. In the past, several illegal incidents, which should not have happened, occurred in both villages due to lack of awareness about legality. Through the mediation of cadres sent by various levels of party committees, the cadres and the masses in the two villages overcame their practical difficulties and experienced the warmth and concern shown by the party. They said in unison: After all, socialism is excellent and the Communist Party is kind to us.

This time Secretary Hou Zongbin led cadres at prefectural, county, and township levels to the two villages to hold an on-site work meeting. They conscientiously evaluated experiences in cadres immersing themselves

among the masses, in strengthening political and ideological work, in carrying on education in legality, and in strengthening nationality unity. They also decided to build the two villages into ones specializing in the breeding industry and in growing vegetables, and to set up slaughterhouses, feed processing plants, [words indistinct]. They also planned to conduct education on the legal system to improve the quality of the villagers [words indistinct].

The masses in the two villages vowed to [words indistinct] and strengthen unity to build ideologically and culturally advanced villages through common efforts.

Secretary Hou Zongbin wrote a few concluding words of encouragement which read: Strengthen nationality unity, focus on economic development.

## Southwest Region

### Sichuan Secretary at Regional Nationality Meeting

HK1507063992 Chengdu Sichuan People's Radio Network in Mandarin 1015 GMT 5 Jul 92

[Excerpts] A discussion on nationality work of people's congresses of five provinces and regions in southwestern and central China was held in Chengdu's (Jiuniu) Guesthouse. The discussion centered on further doing well the nationality work of people's congresses in accordance with the new situation of reform and opening up, the spirit of the central meeting on nationality work, and Comrade Deng Xiaoping's remarks made during his southern China tour, and on further enforcing autonomous law for areas inhabited by minority nationalities. [passage omitted]

Sichuan Provincial CPC Secretary Yang Rudai attended this afternoon's meeting. During the meeting, Wang Ao, Deng Zili, and Liu Xilin, vice chairmen of the provincial people's congress standing committee; Yangling Doje, Yang Daidi, and Kungsa Yedo, vice chairmen of the provincial Chinese People's Political Consultative Conference; and others met and talked with those attending.

At the discussion, responsible comrades from the relevant provincial and regional people's congress standing committees and nationality affairs commissions profoundly talked about the building of legal systems and nationality work in their own provinces and regions, and exchanged experiences in enforcing autonomous laws for areas inhabited by minority nationalities [words indistinct].

Participating comrades maintained that under the new situation, strengthening the legal system is of important significance to promoting economic and cultural development of various nationalities, and their common prosperity and progress as well.

**Taiwanese Funded Zone Set Up in Chengdu**

OW1407151292 Beijing XINHUA in English  
1448 GMT 14 Jul 92

[Text] Chengdu, July 14 (XINHUA)—The Taicheng Development Stock Co Ltd of Taiwan and the Chengdu Rongguang Enterprise Co Ltd signed an agreement today to build an industrial zone in Chengdu, capital of Sichuan Province.

The two sides will finance the 6 square km industrial zone which will be the largest of its kind in southwest China.

The total investment is expected to be about 1.5 billion yuan (about 280 million U.S. dollars), according to official sources.

The city government of Chengdu has introduced a series of preferential policies to encourage Taiwanese businessmen to set up firms and invest in the zone.

**Sichuan Expands Ties To Boost Export Economy**

OW0907101592 Beijing XINHUA in English  
0837 GMT 9 Jul 92

[Text] Beijing, July 9 (XINHUA)—Southwestern China's Sichuan Province is establishing more outlets in coastal areas and border provinces to boost its export economy, the "ECONOMIC DAILY" reported today.

The Beijing-based national paper said that landlocked Sichuan has set up more than 1,000 enterprises in the Shenzhen, Zhuhai and Hainan Special Economic Zones. Other producers have connections with companies in 124 countries and regions.

To further boost its economy, Sichuan is encouraging its economic departments and enterprises to sell more products internationally.

In mid-May this year the provincial capital of Chengdu established relations with Beihai, one of China's 14 coastal cities in the Guangxi Zhuang Autonomous Region.

Chengdu has since sent specialists and technicians to Beihai to help build the Beihai-Sichuan international economic development zone. In return Beihai has offered all necessary conditions for Chengdu to set up industry, storage facilities, real estate, tourism and commercial networks.

According to the paper, a Chengdu-Beihai air service will open soon and Chengdu's districts and counties will establish economic ties with counterparts in Beihai.

The Garze Tibetan autonomous prefecture in northwest Sichuan has invested 40 million yuan in building a shopping center in Haikou, the capital of Hainan province.

The Sichuan Kangding Real Estate Development Corporation has got permission to start trading as the first real estate corporation run by an ethnic minority in Hainan.

A number of Sichuan cities and counties are trading with Yunnan Province bordering Vietnam, Laos and Myanmar [Burma].

Sichuan Province is setting up agencies in the border areas of the Xinjiang Uygur Autonomous Region in northwestern China and Heilongjiang Province in northeastern China to export its agricultural products.

**Tibet's Burang Border County Opens to India**

OW1507033892 Beijing XINHUA in English  
0325 GMT 15 Jul 92

[Text] Lhasa, July 15 (XINHUA)—Burang, a border county in the Tibet Autonomous Region, opened to India today and will remain opening during the June-September period each year, according to an agreement signed by China and India.

Burang, located in an area where China, India and Nepal meet, was a traditional trade route.

A regional government official said that the opening of Burang marks the resumption of frontier trade between China and India, which was suspended for 30 years.

**North Region****Beijing Financial Bureau Publishes Budget Report**

SK1107020192 Beijing BEIJING RIBAO  
in Chinese 2 May 92 p 2

[“Excerpts” of the report delivered by Sun Tongyue, director of the Beijing Municipal Financial Bureau, on the 1991 final accounts and the draft 1992 financial budget of Beijing Municipality at the fifth session of the ninth Beijing Municipal People's Congress on 17 April]

[Text] Fellow deputies:

Entrusted by the municipal people's government, I submit the report on the 1991 final accounts and the draft 1992 budget to the current session for its examination and discussion. I. The 1991 Final Accounts

In 1991, under the leadership of the Beijing Municipal Party Committee, the people of all our nationalities in the municipality firmly and unwaveringly implemented the party's basic line of "one central task and two basic points," emancipated the mind, and went all out to pioneer the road of advance, thus satisfactorily fulfilling all tasks approved by the fourth session of the ninth municipal People's Congress. Despite the serious natural calamities in some areas, a bumper harvest was reaped in agricultural production. Industrial production went up steadily, and efficiency of enterprises began picking up. Markets were flourishing and brisk, providing an endless array of commodities. The outlook of urban and rural areas changed with each passing day, and the people's living standard continued to improve. New breakthrough was made in reform and opening up. The capital's economy developed, and politics and society

were stable, presenting a scene of prosperity and progress. Based on this, implementation of the revenue and expenditure budget was also good.

The 1991 revenue budget was overfulfilled, registering a steady increase for nine years running. The 1991 financial budget approved at the fourth session of the ninth municipal People's Congress projected revenues at 7.7 billion yuan. The results of actual implementation show the actual revenues at 7,702,190,000 yuan, exceeding the budgeted figure and showing an increase of 4.1 percent over the previous year.

Expenditures were strictly controlled within the budgeted target, and the appropriations for key projects were ensured while the principle of retrenchment was implemented. The 1991 financial budget approved at the fourth session of the ninth municipal People's Congress projected expenditures at 6.653 billion yuan. In the process of implementation, the figure was readjusted to 7,107,090,000 yuan. According to the results of the implementation, the actual expenditures reached 6,798,400,000 yuan, 95.7 percent of the budgeted figure and an increase of 2.2 percent over the actual expenditures of the previous year.

Based on the actual implementation of the 1991 budget, the municipality's revenues and expenditures were in balance, leaving a small cash surplus in hand, except for the amount to be handed in and contributed to the central financial authorities according to the stipulations of the current financial system.

The successful fulfillment of the 1991 financial budget was hard-won under the changeable international situation and under the situation that some districts and counties were hit by the worst natural calamities in a century, and that enterprises were confronted with grave difficulties.

A. Firmly and unwaveringly implementing the party's basic line of "one central task and two basic points" was the fundamental guarantee for successfully fulfilling the revenue and expenditure budget. In the past year, under the leadership of the Beijing Municipal CPC Committee, the vast number of cadres, staff, and workers on all fronts in the municipality comprehensively implemented the party's basic line, firmly made economic construction the central task, emancipated the mind, deepened reform, expanded the scale of opening up, and liberated and developed the social productive forces. Financial departments stressed how to make money, with the focus on supporting reform and opening up, developing the economy, and cultivating financial resources. These departments also stressed how to accumulate money, with the focus on strengthening collection and management of funds, stemming loopholes, and raising funds through diverse channels. They also readjusted the expenditure structure and stressed how to use

money, with the focus on ensuring key projects, promoting the construction of urban areas and the development of various undertakings, and improving the people's living standard. As a result, all financial tasks were fulfilled successfully.

#### B. We deepened reform, expanded the scale of opening up, and promoted economic development.

We helped enterprises transform their managerial mechanism, made structural readjustment, and increased economic results. To implement the several policy measures for improving state-owned large and medium-sized enterprises as formulated by the municipal party committee, all departments in charge of overall economic work and 117 enterprises signed, by stages and in groups, eight forms of contracts and agreements on changing the managerial mechanism. To better implement the guidelines of the fourth session of the ninth municipal People's Congress, we positively supported industrial enterprises to conduct technological transformation and increased the input to technological transformation of industrial enterprises. Last year, we spent 134.77 million yuan on technological transformation of industrial enterprises, an increase of 9.401 million yuan over the previous year. By taking the endeavor to break "debt chains" as the breakthrough to be made in improving state-owned large and medium-sized enterprises, we cleared up defaults in debt repayment totaling 8.94 billion yuan, of which 5.49 billion yuan were debts among enterprises. Financial departments organized more than 4,000 personnel to conduct investigations and study among the grass roots during the year. They helped enterprises solve more than 500 difficulties in production and management. We firmly paid attention to turning deficits into profits and granted loans with deducted interests to 133 enterprises to help carry out 191 measures for turning deficits into profits. As of the end of the year, the number of money-losing local budgetary state-owned industrial enterprises had been reduced by 27 and the amounts of deficits by 108 million yuan. The economic results realized by the local budgetary state-owned industrial enterprises started to rise from last July. These enterprises created 2.67 billion yuan in profits, an increase of 7.3 percent.

Through reform, the commercial enterprises registered noticeable economic results. To help the four key retail sale enterprises—a department store, Dongan group, Xidan shopping center, and Youyi company—carry out independent planning systems and also organize enterprise groups, we adopted a series of policy measures, such as improving the method of enabling enterprises to retain the above-quota income, leaving all the market regulatory funds to enterprises, and leaving to enterprises all the portions of the key energy and communications construction funds and the budget regulatory funds that should be retained by local authorities, thus injecting vitality to commercial enterprises and helping these enterprises increase economic results. In 1991, the sales volume of these four major commercial enterprises

reached 2.244 billion yuan, an increase of 22.7 percent; and these enterprises created 176 million yuan in profits, an increase of 22.8 percent.

Foreign trade enterprises made a bigger stride in reform. In 1991, the state abolished the allocation of export subsidies to foreign trade enterprises and applied the system of responsibility for profits or losses to foreign trade enterprises.

To help foreign trade enterprises carry out the system of responsibility for profits or losses and to ensure a smooth progress in reforming the foreign trade system, we improved the method of linking wages with economic results, carried out the system of linking wages with the amount of foreign exchange earned through exports and the amount of profits realized, and further improved the contracted management system. Simultaneously, the municipal financial department also allocated 20 million yuan of funds to foreign trade enterprises to help readjust the export product mix and to reduce the export of the commodities suffering high losses. Thus, the enterprise staff and workers were inspired with enthusiasm. In 1991, the export volume of foreign trade enterprises reached \$1.368 billion, an increase of 3.7 percent. If the losses from marketing overstocked commodities at reduced prices according to the state unified arrangement were deducted, the foreign trade enterprises in the municipality were basically capable of being responsible for their own profits or losses.

The management of state property was further strengthened. In 1991, the 18 districts and counties across the municipality appropriately established state property management bureaus. The state-owned enterprises and the institutions carrying out the enterprise management system had their property right to state assets registered. Simultaneously, relevant management methods were also formulated. In the course of transforming the enterprise managerial mechanism, we included evaluation of the targets for guaranteeing and increasing the value of state property in contracts and agreements and appraised and examined 126 assets, thus preventing the activities of damaging the state property right.

We continued to persist in improving the revenue-sharing system at each level to mobilize the enthusiasm of all districts, counties, townships, and neighborhoods for developing the economy and increasing revenues. In 1991, the financial revenues of all districts and counties reached 3.74 billion yuan, up 9.8 percent from the previous year. Among the 14 suburban districts and counties, eight achieved a financial revenue of more than 100 million yuan. To promote the development of remote counties in the mountainous areas, we signed an agreement with the four financially subsidized counties of Huairou, Miyun, Pinggu, and Yangqing on abolishing their allowances by the end of the Eighth Five-Year Plan period and becoming "counties with financial revenue reaching 100 million yuan." We also used the reduced part of the allowance funds to make investment in advance in cultivating and developing reserve financial

resources and achieved noticeable results in this regard. In 1991, the financial growth of these four counties receiving financial allowances was more than 10 percent and their financial self-sufficiency capacity was greatly improved.

We used foreign capital to develop the three types of foreign-funded enterprises and achieved a great breakthrough in this aspect. In 1991, all relevant departments across the municipality exerted concerted efforts to overcome one difficulty after another and obtained \$125 million in loans from the World Bank for environmental protection projects and 226 million yen in donation, which marked prominent progress. Meanwhile, we also opened up a situation in further utilizing World Bank loans. During the year, the three types of foreign-funded enterprises handed over 1.16 billion yuan in profit and taxes to the financial department, showing an increase of 24.8 percent over the previous year and accounting for 15.1 percent of the financial revenue of the whole municipality, which was 2.5 percentage point higher than in the previous year.

C. We strengthened supervision and management, stemmed loopholes, and actively organized financial revenues. The financial departments improved all sorts of financial and accounting systems and actively helped enterprises implement various policy measures to make sure that enterprises handed over funds in full amount and in a timely manner. The tax departments persisted in managing taxes in line with law, strengthened tax investigations, established the system of making tax payers voluntarily report their taxes to the higher levels and the system of comprehensive appraisal of tax payment, and strengthened the collection and management of the personal income regulation taxes and the management of receipts of all trades. During the year, we collected a total of 9.14 billion yuan of industrial and commercial taxes, an increase of 9.8 percent over the previous year, thus making important contributions to guaranteeing the overfulfillment of the municipal financial revenue task. The auditing departments conducted auditing inspections among 2,363 key enterprises and units, recovered 157 million yuan, and returned it to the state treasury. New achievements were made in the general inspection of tax revenue, financial affairs, and prices conducted in last September. Through the self-inspection and spot-check among key enterprises throughout the municipality, we handed over 298 million yuan to the state financial department. This not only helped to increase financial revenue and maintain the sanctity of financial and economic discipline but also played a positive role in promoting political, economic, and social stability.

D. Financial allowances continued to drop. In 1991, the whole municipality issued a total of 4.43 billion yuan in financial allowances, a decline of 1.1 percent from the previous year and a drop of 20 million yuan from the control target of 4.45 billion yuan approved by the municipal People's Congress. If we included all sorts of new deficit factors which we absorbed during the year,

we actually reduced the financial allowances by 420 million yuan. Of this, 90 million yuan of financial allowances were reduced through the promotion of price reform; 260 million yuan of financial allowances were reduced through strengthening operation and management and reducing losses and waste; and 70 million yuan of financial allowances were reduced through the readjustment of the relationship between the state and enterprises in terms of distribution.

E. We Increased agricultural investment to promote the overall development of the rural economy. In 1991, the expenditures used in assisting rural production and as working funds for the agricultural, forestry, water resources, and meteorological departments totaled 36.714 million yuan, an increase of 14.4 percent over the previous year. To guarantee the needs of funds for the water conservancy construction projects which focused on Liangshui He and used "this river to bring along 10 rivers," we actively collected funds in addition to mobilizing forces from society to participate in voluntary labor, thus ensuring the smooth progress of these projects. To accelerate the building of the rural socialized service system, we supported the application of more than 400 items of new agrotechnology during the year and implemented 80 spark plan projects to help the agrotechnology popularization centers of seven districts and counties buy essential equipment and to create favorable conditions for the steady growth of agricultural production.

During the first half of last year, some districts and counties in our municipality were hit by unprecedentedly serious floods, waterlogging, windstorms, and hailstorms. After the disasters, the financial departments at all levels promptly allocated more than 34 million yuan of special funds for victims to relocate, to arrange their living, to restore production, and to rebuild their homes and for the municipal authorities to combat floods. With the great support of all social sectors, the townships and villages which were hit by the disasters of floods and waterlogging rapidly resumed production, and the victims were guaranteed with food, clothing, accommodations, daily necessities, and fuel.

F. We continued to increase investment in science, technology, and education and to support reform of the scientific, technological, and educational systems. In 1991, the whole municipality's expenditure on the three kinds of scientific and technological purposes and on working funds for scientific and technological undertakings totaled 212.08 million yuan, up 18.1 percent from the previous year, which was much greater than the growth of the financial expenditures of the whole municipality. Of this, some 20 million yuan was acquired in bicycle license taxes, which was all used as scientific and technological investment. The investment was used mainly in supporting scientific research reform, in running high- and new-tech enterprises, in developing the

state and municipal-level torch plan projects, in disseminating and applying scientific and technological findings, and in buying instruments and equipment for scientific research.

In 1991, the expenditure on the educational working funds of the whole municipality was 941.46 million yuan, up 14.8 percent from the previous year, which was much greater than the municipality's revenue growth of 4.1 percent. In addition, among other expenses, 426.38 million yuan was also used as educational expenses. Thus, the actual expenditure on education covered by the 1991 budget was 1,367,840,000 yuan, accounting for 20.12 percent of the total financial expenditures. Last year, special funds were allocated for supporting primary and middle schools, institutions of higher learning, secondary specialized and technical schools, schools for adults to carry out reform of the internal management system, which greatly boosted the enthusiasm of teachers to impart knowledge and educate the people. According to statistics, the overall teaching workload of the institutions of higher learning under the municipal government increased 20 percent over the period before reform, and the teaching quality also improved. We also actively implemented all measures for doing practical things for the educational sector. We repaired a total of 79,000 square meters of dangerous school buildings during the year, bought 84,000 pieces of equipment for audio-visual education program, increased 179,000 school desks and chairs, and bought 5.1 million copies of textbooks, thus further improving the teaching conditions of all sorts of schools.

G. We guaranteed the needs of funds for key construction projects and for city maintenance. On the premise of properly controlling the investment scope, we continued to increase investment in urban infrastructure facilities and key construction projects and guaranteed the needs of funds for building 13 key projects, such as the Xixiang Road, the No. 3 liquefied gas storage plant, and the Xixiang bottle making plant. To improve the living conditions of the broad masses of people, we continued to make good use of the 200 million yuan of housing renovation funds, thus accelerating the progress in renovating dangerous houses.

In 1991, the expenditure on city maintenance amounted to 334.80 million yuan, up 10.7 percent from the previous year. If the extra sum of 73 million yuan of urban public utilities funds was added, the expenditure on city maintenance totaled 407.8 million yuan, which was mainly used to make the municipality green and beautiful and to protect the environment.

H. We strictly controlled the allocations for administrative expenses and appropriately controlled the institutional purchases. In the past year, the municipal government adopted a series of measures to reduce the expenses in meetings, business trips, and office purchases, continued to regard the control of administrative expenses as a major content of the endeavor to build a clean government, strengthened the mandatory restriction by

the budget, and tried out the system of fixing the total payroll among 30 administrative units. In 1991, a total of 140.71 million yuan was allocated as administrative expenses. Except for the allocations used to make up for workers' losses resulting from the increased prices of grain and edible oil, the administrative expenses were kept at the level of the previous year.

We appropriately controlled the institutional purchases. In line with the principles of "dealing with different cases in different ways, allowing flexibility while carrying on a tight fiscal program, and exercising control in an appropriate manner," we continued to carry out the principle of relaxing restrictions over the productive commodities under special state control while strictly controlling the nonproductive commodities under special state control and the principle of relaxing restrictions over private funds while strictly controlling financial appropriations when we screened and approved institutional purchases. In 1991, institutional purchases throughout the municipality was controlled at 1.475 billion yuan, less than the state-assigned target of 1.5 billion yuan.

Fellow deputies: Implementation of the 1991 budget in the municipality was good. However, some problems and difficulties remained. First, the pace of enterprise structural readjustment was relatively slow and some enterprises were poor in economic efficiency and insufficient in reserve strength. Second, although financial subsidies decreased to some extent, they were still very great and constituted a big burden to financial departments. In addition, loopholes, losses, and waste were still serious. Third, some units were lax enforcing in financial and economic discipline, wasteful in spending money, and still engaged in extravagant spending. Fourth, financial management system and some mechanisms and policies incompatible with the demand for developing the socialist planned commodity economy needed further reform. These problems and deficiencies should be positively studied in the future work, and effective measures should be adopted to resolve them.

## 2. The Draft 1992 Financial Budget

The draft 1992 financial budget of the municipality was drawn up in line with the guidelines of the fifth session of the seventh National People's Congress, the demands of the government work report delivered by Mayor Chen Xitong, and the targets of the 1992 municipal economic and social development plan. The general ideas for the breakdown of revenues and expenditures are to accelerate reform, expand opening-up, improve efficiency, accelerate economic development, and ensure a steady increase in revenues; and to reduce expenditures, ensure key projects, and improve the results in the utilization of funds. The major breakdown of the 1992 financial budget submitted to the current session for examination is as follows:

Revenues are projected at 8,008,000,000 yuan, an increase of 4 percent over 1991.

Expenditures are projected at 6.9 billion yuan, an increase of 1.5 percent over 1991.

According to the above breakdown, revenues and expenditures are in balance, except for the amount to be handed in and contributed to the central authorities according to the present financial system. The following is the explanation on the major contents of the budget.

A. We should continue to keep a steady growth rate in financial revenue. In 1992, the financial revenue budget is arranged at 8.008 billion yuan, up 4 percent over the previous year. This arrangement is made in line with the targets of the municipality's economic plan and the targets for efficiency, which define an increase of 6.5 percent in GNP, an increase of 8.5 percent in the increased value of industry, an increase of 12 percent in the total retail sales of commodities, and a decline of 0.1 percentage point both in the cost of comparable products and in the working funds for commodity circulation. In making this arrangement, we have given consideration to the factors for increasing revenue, such as the factors for developing production, raising efficiency, and strengthening the collection and management of funds, and the factors for reducing revenue. This arrangement basically conforms to the actual situation of Beijing Municipality.

B. The financial expenditure guarantees key projects and supports urban construction and the development of all undertakings. In 1992, we arrange a proper increase in the financial expenditures for the whole municipality. We continue to increase expenditures on farming, education, science and technology, public security projects, family planning, and building and maintenance of urban infrastructure facilities, give priority to guaranteeing the expenditure on technological transformation of industrial enterprises, the seniority pay for workers, and price subsidies, and keep other expenses at last year's level or slightly lower.

We should continue to increase agricultural investment and comprehensively develop the rural economy. During this year, we will arrange 384.7 million yuan for assisting rural production and serving as working funds of the agricultural, forestry, water resources, and meteorological departments, an increase of 4.8 percent over the previous year. To comprehensively implement the guidelines of the eighth plenary session of the 13th party Central Committee, we will use the agricultural investment mainly in supporting rural reforms in the suburban areas of Beijing to help them establish and repair farmland and water conservancy infrastructure facilities, develop grain and nonstaple food bases, accelerate the transformation of medium- and low-yield fields, and build a group of villages whose per-mu grain yield is 1 ton and fields that yield 1 ton of grain per mu. We will also support agricultural development with science and technology, improve the rural socialized service system, promote an integrated process in the production, supply, and marketing of farm products, and implement the

"outlines of the project for making the townships and villages in remote mountainous areas of Beijing Municipality rich in 10 years."

We should continue to increase educational expenses and raise our municipality's educational work to a new level. In 1992, we will arrange 1.095 billion yuan of educational working funds, an increase of 16.3 percent over the previous year which represents a fairly high scope of increase. In addition, in other expenses, we will also set aside 291.90 million yuan to serve as educational working funds and capital construction investment. In this way, the educational expenses covered by the annual budget will reach 1,386,900,000 yuan, accounting for 20.1 percent of the financial expenses of the entire municipality. The educational fund will be used mainly in increasing the wages of teachers, which is a part of the educational reform, supporting the readjustment of various branches of learning of key institutions and schools and the attainment of the nine-year compulsory educational target, developing vocational and technical education, and readjusting the distribution of primary and middle schools in mountainous areas.

We should increase scientific and technological investment and stimulate the capital's economic development. In 1992, the funds for the three kinds of scientific and technological purposes and science working funds are arranged at 183,910 million yuan, an increase of 21.1 percent over the previous year if calculated in terms of comparable standards. These funds will be used mainly in deepening the reform of the scientific and technological system, disseminating and applying high and new scientific and technological achievements, promoting the adjustment of product mix, establishing the "young scientific and technical personnel fund," and guaranteeing the implementation of the spark plan projects. In addition, the bicycle license taxes collected this year will be used continuously as scientific and technological investment.

We should increase the expenditure on sports projects and guarantee the smooth convocation of the national sports meet. In 1992, we will arrange 90.39 million yuan of sports working funds, up 6 percent from the previous year. The increase is arranged to prepare for the seventh national sports meet which will serve as a sports preview for winning the right to host the Olympic Games in 2000.

We should increase the expenditure for public security and procuratorial organs and for courts and guarantee political and social stability in the capital. In 1992, we will arrange 306.4 million yuan for the public security and procuratorial organs and courts, an increase of 6.8 percent over the previous year. This increase is arranged to increase the working funds for the public security and procuratorial organs and courts.

We should continue to increase the investment in the construction of key urban infrastructural facilities, city maintenance, and enterprise technological transformation. In 1992, the municipality arranges 1.348 billion

yuan of expenditures on capital construction and enterprises' potential-tapping and technological transformation. These allocations should be focused on building urban infrastructural facilities; controlling pollution sources; improving environment; developing key industrial, commercial, educational, and public health projects; and speeding up the housing construction and the reconstruction of old and dangerous houses in the urban areas. We arrange 150 million yuan of loans with deducted interests to state large and medium-sized enterprises to help them conduct technological transformation. These funds should be used to conduct technological transformation among key developing trades and key products in the 1990's, to promote the upgrading and updating of products, and to bring in and assimilate foreign advanced equipment and technology. In 1992, we arrange 367.5 million yuan of expenditures on city maintenance, an increase of 9.8 percent over the previous year. If the additional spending on urban public utilities, totaling 80 million yuan, is included, the expenditures on city maintenance total 447.5 million yuan, an increase of 10 percent over the previous year. To create fine conditions for applying for the convocation of the Olympic Games in 2000, the increased portion of the expenditures should be used mainly in maintaining municipal engineering projects, making the urban areas green and beautiful, establishing closed-type sanitation stations, and building a city without flies.

C. Financial subsidies should be reduced continuously. In 1992, the municipality arranges 4.4 billion yuan of financial subsidies, a decrease of 30 million yuan from the 1991 figure of 4.43 billion yuan. The decrease in financial subsidies is arranged in such a way that social stability is ensured, the people's standard of living is not greatly affected, and the financial burden is reduced in a step-by-step manner. This year, the municipality's financial subsidies are expected to reach 4.84 billion yuan due to the many factors for increasing deficits, an increase of 9.3 percent over the previous year. If the various factors for increasing deficits we absorb is factored in, the real subsidies will be reduced by 440 million yuan. In addition, the State Council readjusted the grain purchasing and marketing prices from 1 April this year. To ensure that the standard of living of urban people is not greatly affected, we will appropriately give subsidies to urban people. The funds that should be allocated from finance have been arranged in the budget.

D. On the issue of trial formulation of the dual budget system. According to the state budget management regulations, this year, the state will carry out, on a trial basis, the dual budget system. Based on the unified arrangement of the Ministry of Finance and the municipal actual conditions, the municipality still does not have the conditions for enforcing the dual budget system. Therefore, the 1992 draft budget submitted to the municipal People's Congress is mapped out in line with the original budget making methods. Through preparations for a period of time, we will work out, on a trial basis, a dual budget in the latter half of the year. At that

time, we will submit a special report to the Standing Committee of the municipal People's Congress.

**Fellow deputies:** Generally speaking, the budgetary revenues and expenditures are tightly arranged. Such arrangements are far from meeting the needs of various fronts. Therefore, in the course of implementing the budget, all districts, counties, departments, and units should make efforts to increase revenues, reduce expenditures, tap potential, and make concerted efforts to fulfill the annual revenue and expenditure targets.

### 3. Further Emancipate Minds, Accelerate the Pace of Reform and Opening up, and Strive to Comprehensively Fulfill the 1992 Financial Budget

The year 1992 is crucial to the capital's socialist modernization drive, reform, and opening up. We should conscientiously study and implement a series of important theses of Comrade Deng Xiaoping on building socialism with Chinese characteristics, further enhance our consciousness in comprehensively implementing the party's basic line, take economic construction as the central task, seize the opportunities, accelerate the pace of reform and opening up, emancipate minds, work creatively, promote a rapid economic development, and guarantee the successful fulfillment of the annual financial budget.

**A. We should give emphasis to changing the operational mechanism of state large and medium-sized enterprises, readjust the economic structure, raise efficiency, and increase revenue.** Under the premise of unceasingly improving the external conditions of enterprises, in 1992, we should give priority to supporting and promoting the change of the internal operational mechanism of enterprises and gradually push enterprises to the market.

We should actively support and promote the change of the operational mechanism of enterprises. Regarding the enterprises that have already selected their own reform patterns, we should conduct inspection to see whether all policy measures are put in place so as to escort their reform. We should properly arrange and make good use of the 150 million yuan of discount-interest loans for technological transformation, analyze the feasibilities of the technological transformation projects, and do a good job in making efficiency appraisal. We should pay close attention to ending deficits and increasing profits; apply the responsibility system to attaining the target of ending enterprise deficits and helping them increase profits; resolutely order enterprises that produce low-quality, high-priced, and unsalable products, those that are managed in a disorderly manner, and those that have run in the red for a long time—having no hope of ending deficits—to close down, suspend production, merge into other enterprises, or change the line of production; and strive to make the losses of enterprises resulting from management reasons remarkably reduced from the previous year's figure. We should continue to carry out the work of clearing up "debt chains" and actively adopt

effective measures to prevent the situation of giving rise to another debt chain as soon as the previous one is cleared up. We should further strengthen management over the state assets, take active and reliable steps to experiment with investigating assets and verifying the total value of state assets used by enterprises, and, on the basis that inventory is thoroughly carried out on our stock, establish and improve all regulations, systems, and methods, stem loopholes, and maintain and increase the value of state assets.

We should further promote the reform of the commercial and foreign trade enterprises. It is necessary to conscientiously implement all policies and actively support commercial enterprises to promote the reform to decontrol their operation, employment, prices, and distribution. It is necessary to actively explore ways to reform the commercial wholesale enterprises and realistically enable commercial wholesale enterprises to march toward the market, to participate in competition, and to invigorate their wholesale business. It is necessary to continue to support the reform of the foreign trade enterprise system, help foreign trade enterprises develop markets in all directions, readjust export product mix, increase the export of the products with a high additional value, actively cut the export of the commodities incurring deficits, and raise the economic efficiency of foreign trade enterprises.

**B. We should further carry out supporting reforms and promote the development of enterprises and other undertakings.** We should focus our work on changing the enterprise operational mechanism and pushing enterprises to the market, actively conduct the supporting reforms of the financial and taxation systems, improve the revenue-sharing system, and make the financial and tax levers play a more effective role in regulation and control.

**C. We should continue to strengthen management, stem loopholes, and reduce financial subsidies.** In 1992, we will encounter a greater difficulty in providing financial subsidies, and the work to reduce subsidies remains very arduous. Therefore, we should continue to regard it as an important task to reduce financial subsidies. All pertinent departments and units should conscientiously study measures for increasing their income, reducing their expenses, and cutting back their subsidies, tap potential, and increase the efficiency in the use of the subsidies. We should continue the system under which administrative leaders are responsible for attaining defined targets and the system of reward and punishment under which above-quota deficits will not be subsidized and the reduced amount of deficits is retained partially or totally by the relevant units so that we can keep the annual financial subsidies within 4.4 billion yuan.

**D. We should strictly control expenses, strengthen the regulatory role of the budget, and raise the efficiency in the use of funds.** We should strictly enforce the "state regulation on budget management," use the budget to conduct mandatory regulation, and spend money

according to the decided budget, never exceeding it. After finalizing their budgets, all units are prohibited from increasing their expenditures retroactively without the approval of the municipal government unless there is a special case. We should intensify the feasibility study of the input of funds and establish or improve the system to track and report back the use of funds to realistically raise the efficiency in the use of funds.

E. We should make active efforts to draw in and use foreign capital and strive to expand the channels for raising funds. We should further emancipate our minds and expand the multiple channels for raising funds. We should make active efforts to use foreign capital, strive for more loans from the World Bank, the various international monetary organizations, and foreign governments, ensure the supplies of the supporting funds from domestic sources, and probe the feasibility of issuing bonds overseas.

F. We should continue efforts to improve district, county, and neighborhood financial capacity. We should continue to adhere to and improve the revenue-sharing system at various levels to fully boost the enthusiasm of districts, counties, and neighborhoods for increasing revenues and reducing expenditures. We should further strengthen the overall management of township and neighborhood funds and raise township and neighborhood financial management to a new level. We should implement the principle of keeping expenditures within the limits of income, strive for a financial balance, and never make a deficit budget.

G. We should strengthen the supervision and management of financial work and tax collection and strictly enforce financial and economic discipline. In the financial and monetary work for 1992, we should attend to reform and opening up on the one hand and carry out strict management on the other. We should perform tax work according to law, strengthen tax collection and management, and strictly control tax reduction and exemption. We should continue to clean up defaults in tax payment and make sure that no new default in tax payment occurs in 1992. We should continue the large-scale tax, finance, and price inspection, further strengthen audit supervision, strictly abide by financial and economic discipline, and reduce waste of revenues.

Financial and monetary departments should conscientiously study and profoundly understand the guidelines of the important talks given by Comrade Deng Xiaoping during his recent inspection tour in south China, unswervingly and comprehensively implement the party's basic line consisting of "one central task and two basic points," further emancipate our minds, accelerate the pace of reform and opening up, step up efforts to remain honest in performing official duties, conscientiously improve our ways of thinking and work, go deep into the grass-roots levels to conduct investigations and study, make explorations bravely, exert earnest efforts, implement all work in a down-to-earth manner, be diligent and honest in serving the people, further

improve the quality of the contingent of cadres, and upgrade financial and monetary work to a new level.

#### Fellow deputies:

The financial tasks for 1992 are glorious and yet arduous. Under the leadership of the CPC Central Committee, the State Council, and the Beijing Municipal CPC Committee, we should mobilize the people throughout the municipality to conscientiously implement the guidelines of the fifth session of the seventh National People's Congress, emancipate our minds, seek truth from facts, work in a creative manner, increase revenues and reduce expenditures, and strive to successfully fulfill the 1992 budget of Beijing Municipality.

### Northwest Region

#### Qinghai Province Appoints New Vice Governor

HK1407030992 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 30 Jun 92

[Excerpts] The 27th session of the seventh provincial people's congress standing committee, after going through all procedures, ended in Xining yesterday afternoon.

The meeting decided to appoint Wang Hanmin vice governor of the provincial people's government.

Ga Bulong, vice chairman of the provincial people's congress standing committee, presided over the meeting.

Present at the meeting were Huanjue Cenam, chairman of the provincial people's congress standing committee; Xie Gaofeng, Ma Wending, Yang Wenjin, Yang Maojia, and Gaisand Doji, vice chairmen; Mo Yanhai, secretary general; and other members, totaling 37. [passage omitted]

The meeting decided to remove Wu Chengzhi as vice governor, and appointed Wang Hanmin vice governor by secret ballot. [passage omitted]

Jin Jipeng, governor; Han Shenggui, vice chairman of the provincial Chinese People's Political Consultative Conference; Ma Yougong, president of the provincial Higher People's Court; Zhang Jimin, chief procurator of the provincial people's procuratorate; (Liu Guanghe), secretary general of the provincial government; and all others attended as observers.

#### Qinghai Secretary Receives Hong Kong Youth Group

HK1407043792 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 6 Jul 92

[Excerpt] A visiting group of Hong Kong and Macao members of the All-China Youth Federation, after satisfactorily visiting Qinghai, left Xining by train yesterday.

When the group was about to leave, provincial party committee Secretary Yin Kesheng, Vice Governor Wang

Hanmin, and responsible members of departments concerned, received the group and had a group photo taken for the occasion.

At the All-China Youth Federation's invitation, the group, accompanied by Luosang, vice chairman of the federation, came to Qinghai for a brief visit.

At the reception, Yin Kesheng said: Qinghai is a mysterious place. Outside people have little understanding of it for the time being because it is economically backward. However, Qinghai is rich in minerals and [words indistinct] resources. Qinghai people are simple and kind-hearted. Qinghai is a very lovely place of the motherland. Recently, the provincial party committee and government formulated new policies for developing the economy, setting off the second upsurge of Qinghai's reform and opening up.

Yin Kesheng expressed the hope that the group's visit would promote friendship between Qinghai and Hong Kong youth. [passage omitted]

**Xinjiang Regional Committee Elects New Members**

*OW1307214992 Urumqi XINJIANG RIBAO  
in Chinese 25 Jun 92 p 1*

[*"Regional Conference of Party Representatives Elects Members and Alternate Members of the Regional Party Committee"*—XINJIANG RIBAO headline]

[Text] Urumqi—The Xinjiang Uygur Autonomous Regional Conference of Party Representatives has elected Comrade Liu Tao [0491 3447] as an additional member of the fourth committee of the Xinjiang Regional Party Committee. The conference has also elected Comrades Naimu Yasheng [0035 5902 2606 3660 3932] and Qin Guoxue [4440 0948 1331] as additional alternate members of the fourth committee of the Xinjiang Regional Party Committee.

**President Li To Postpone Foreign Visits**

*OW1407142092 Taipei Voice of Free China  
in English 0200 GMT 13 Jul 92*

[From the "News" program]

[Text] The Presidential Office has issued a news review stating that President Li Teng-hui will postpone some foreign visits in the second half of this year due to a busy schedule.

President Li was planning to visit several friendly countries in September or October this year and will make a public announcement once a new schedule has been decided. Some of the media point out that President Li's original plan was to visit South Africa as well as several of the countries which maintain diplomatic relations with the Republic of China in Africa.

**Former French Premier Rocard To Visit Taipei**

*OW1407151492 Taipei CNA in English  
1437 GMT 14 Jul 92*

[Text] Paris, July 14 (CNA)—Former French Prime Minister Michel Rocard left Paris for Peking Monday on a two-week Far East tour which will also take him to Taipei.

The leader of France's ruling socialist party would be visiting Peking for the first time since he resigned as prime minister in May 1991.

He is scheduled to arrive in Taipei on July 23 for his first ever visit to the capital of the Republic of China [ROC].

During his three-day stay in Taipei, Rocard will meet with government leaders and visit industrial and economic institutions.

Rocard was nominated as socialist candidate for the 1995 presidential election at a party assembly held in Bordeaux Sunday.

**Plans To Strengthen Police Ties With Thailand**

*OW1407085992 Taipei CNA in English  
0741 GMT 14 Jul 92*

[Text] Taipei, July 14 (CNA)—Police cooperation between Thailand and Taiwan will be further strengthened, a high-ranking police officer said Monday.

Chuang Heng-tai, director general of the National Police Administration, said Thailand and Taiwan will enhance cooperation in curbing international crimes. He made the remarks after meeting with Sawat Amornvivat, director general of the Police of Thailand, and his deputy Pote Boonyachind in Taipei.

Sawat and Pote, currently on a three-day fact-finding tour of Taiwan, also exchanged views with Chuang on riot and international narcotics control.

**Taipei Representatives To Attend Bogota Fair**

*OW1407160292 Taipei CNA in English  
1533 GMT 14 Jul 92*

[Text] Bogota, July 14 (CNA)—At least 3,000 manufacturers from 30 nations will take part in the July 15-26 Bogota International Trade Fair, one the most important trade events in Latin America.

Among the nations will be the Republic of China [ROC], which will be present at the exhibition for the first time in nine years. More than 30 ROC manufacturers will display their products in the show.

According to Hernan Restrepo, director of the fair, the 19th Bogota International Trade Fair is expected to attract at least 500,000 visitors.

The American Pavilion, occupying an area of 5,400 square meters, leads those of other countries in terms of space, he said. The Japanese pavilion comes at second with 5,000 square meters.

In 1990, the fair attracted 543,815 visitors, including 110,500 buyers, mainly from Central and South America and the Caribbean.

**Nuclear Waste Could Be Disposed Off Zhejiang**

*OW1107092192 Taipei CNA in English  
0741 GMT 11 Jul 92*

[Text] Taipei, July 11 (CNA)—If Mainland China agrees, Taiwan's low radioactive nuclear waste may be disposed on a small island off Zhejiang Province, Taiwan Power Company President Chang Sze-min said Friday.

Mainland China will also face the problem of disposing radioactive waste in the near future because its Qinshan Nuclear Power Plant has already started operation and another in Daya Bay is under construction, Chang said.

He said high radioactive waste, which could be used to make nuclear bombs, is strictly controlled by international conventions, so cross-Straits cooperation in this area may not include the disposal of high radioactive waste.

Taipower meanwhile is continuing its search for a permanent place for the safe disposal of nuclear waste, Chang said.

**Government Plans Senior Military Leader Reshuffle**

*OW1407142192 Taipei China Broadcasting  
Corporation News Network in Mandarin 2300 GMT  
12 Jul 92*

[From the "Hookup" program]

[Text] According to a report by Taipei's CHUNG KUO SHIH PAO [CHINA TIMES], the policymaking authorities recently assessed and decided on a change of personnel regarding senior generals of the National Army.

It has been learned that the current commander-in-chief of the Taiwan Garrison General Headquarters, General Chou Chung-nan, has been chosen to assume the command of the newly established Coastal Defense Headquarters. Sung Hsin-lien, director of the National Security Bureau, will be 70 years old on the 20th of this month. According to regulations, he is a second-class general and must retire by 1 August. Sung Hsin-lien will continue in the post of director of the National Security Bureau as a civilian and become the second civilian director following Chou Chung-feng.

In terms of whether Presidential Chief of Staff Chiang Chung-ling will be promoted to first-class general—a decision the public is awaiting with great interest—it has been learned that the policymaking authorities have not yet made a final decision. Chiang Chung-ling will be 70 years old on 21 September. If he is promoted to first-class general, he is expected to remain in the post of presidential chief of staff; otherwise, he will have to retire. It remains unknown whether he will be appointed minister of National Defense, as reported by some sources. Judging from Chou Chung-nan's and Sung Hsin-lien's retention of their posts, however, the assignments of senior generals will tend to ensure stability in terms of personnel. This is a point worthy of notice in terms of the case of the promotion of Chiang Chung-ling.

#### **Capital Outflow Alerts Economic Planning Council**

*OW1407090092 Taipei CNA in English  
0751 GMT 14 Jul 92*

[Text] Taipei, July 14 (CNA)—An economic planning official said Monday that the outflow of capital from Taiwan has become worrisome.

A ranking official of the Council for Economic Planning and Development (CEPD) pointed out that, if allowed to continue, excessive capital exodus may reduce the financial resources needed for the ongoing six-year national development plan. Besides, tight money supply resulting from continuous capital outflux will push up domestic interest rates, he said.

While forecasting that capital outflow could hit US\$10 billion this year, the CEPD official attributed the excessive capital outflow to the ever-increasing investments in Mainland China.

Officials of the Ministry of Economic Affairs (MOEA) also said they were worried that the outflow of capital could push up capital costs at home.

The MOEA officials, however, said that it's difficult to keep the outflow of capital in check under the current government strategy to promote economic liberalization and internationalization.

They said the only way the government can do now is to improve the investment climate here. "Otherwise, the problem will get worse," they warned.

#### **Businessman Urged To Form Mainland Associations**

*OW1107092092 Taipei CNA in English  
0738 GMT 11 Jul 92*

[Text] Taipei, July 11 (CNA)—The Ministry of Economic Affairs is encouraging Taiwan businessmen with stakes in Mainland China to form regional associations.

A ministry task force has asked the National Federation of Industries to help investors set up industrial associations in Fujian, Guangdong, and Hainan Provinces.

Manufacturers of electrical tools, plastics, footwear, garments, umbrellas, automobiles, and toys are being encouraged to set up respective industry unions on the mainland, a task force spokesman said.

A Taiwan businessmen association has already been established in Shanghai, the first regional grouping of Taiwan investors on the mainland.

Peking [Beijing] authorities, however, are not glad to see Taiwan business associations on the mainland.

A ranking ministry official said the ministry will ask the Straits Exchange Foundation to "communicate with" mainland authorities so that they will not block Taiwan businessmen's efforts to form associations.

#### **Taipei To Permit Visits by Mainland Clergy**

*OW1507093892 Taipei CNA in English  
0810 GMT 15 Jul 92*

[Text] Taipei, July 15 (CNA)—Mainland Chinese clergies will be allowed to visit Taiwan soon as part of government efforts to promote religious exchanges between the two sides of the Taiwan Strait, an Interior Ministry official reported Tuesday.

The Ministry of the Interior has sent a draft bill governing the visits here by mainland clergies to the Mainland Affairs Council for further review, the official said.

According to the draft regulations, heads of Mainland Chinese religious groups and clergies will be permitted to visit here at the invitation of local religious organizations. Secular theological teachers and administrative staff of religious groups, however, are excluded.

During their stay in Taiwan, the official said, mainland clergies can attend academic meetings or take part in special religious activities. They are also free to preach their faiths, the official noted.

Mainland clergies can stay up to two years in Taiwan, according to the draft bill.

The government currently allows local religious leaders and clergies to visit the mainland, but bans entries of clergies from the other side of the strait.

Some 20 influential religious figures urged the government during a meeting at the Interior Ministry yesterday to open the doors to mainland clergies as soon as possible to facilitate cross-strait religious exchanges.

"Two-way exchanges" are necessary to boost mutual understanding, the religious leaders said. The arrival of

mainland clergies will help us better understand developments of various religions on the mainland and their roles in everyday lives there, they added.

A representative of the Chinese Buddhist Association suggested that the government allow noted mainland sanghas to teach at local Buddhist schools. He also urged the government to encourage imports of books and papers written by mainland theologists.

Delegates of the Chinese Muslims Association suggested that the government help the association organize special missions to visit Islamic communities in various northwestern and southwestern mainland provinces for promoting mutual understanding.

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**DATE FILMED**

16 July 1992

